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1978 BUDGET EXPLANATORY NOTES

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U.S. DEPARTMENT OF AGRICULTURE

Rural Development Service
Rural Electrification Administration
Farmers Home Administration

Soil Conservation Service

LANGUAGE CHANGES

C O N T E N T S
(Volume 3)

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RURAL DEVELOPMENT SERVICE

Purpose Statement

The Rural Development Service was established by Secretary's Memorandum No. 1730, Supplement 1, dated September 3, 1971. The central responsibility of the Rural Development Service is expressed in Section 603 of the Rural Development Act of 1972, which directs that the Secretary of Agriculture assume responsibility for coordinating a nationwide rural development program utilizing the resources of all Federal departments and agencies in coordination with state and local government rural development programs.

The basic goal to be accomplished by RDS is to ensure to the extent possible that rural communities receive an equitable share of resources and services, and through improved coordination and communication activities, enable them to better compete with metropolitan areas for available resources and services. This will be achieved by:

- (a) Increasing the awareness among program managers of the effects of their decisions on rural areas, and working with them to make their resources more accessible to rural communities;
- (b) Providing guidance and technical assistance and resource information to state and local elected officials, public bodies, private organizations, and individuals seeking Federal assistance in rural development;
- (c) Training rural leaders in the essential techniques of local development.

All staff employed by RDS are located in Washington, D.C.

Available Funds and Man-Years
1976 and Estimated, 1977 and 1978

	Actual 1976	Estimated 1977	Budget Estimate 1978
	Amount	Man-Years	Amount
	Man-Years	Amount	Man-Years
	Amount	Man-Years	Amount
Rural Development Service...	\$1,341,000	33	\$1,475,000
			38
			\$1,663,000
			38
Total, Rural Development Service.....	\$1,341,000	33	\$1,475,000
			38
			\$1,663,000
			38

	1976 Actual	1977 Estimated	1978 Estimated
End-of-Year Employment:			
Permanent Full-Time.....	31	39	40
Other.....	2	3	3
Total.....	33	42	43

Rural Development Service

Appropriation Act, 1977	\$1,433,000
Budget Estimate, 1978	<u>1,663,000</u>
Increase in Appropriation	<u>+230,000</u>

Adjustments in 1977:

Appropriation Act, 1977	\$1,433,000
1977 Supplemental Appropriation for Pay Costs	<u>42,000</u>
Adjusted Base for 1978	1,475,000
Budget Estimate, 1978	<u>1,663,000</u>
Increase over Adjusted 1977	<u>+188,000</u>

SUMMARY OF INCREASES
(On basis of adjusted appropriation)

	<u>1977</u> <u>Estimate</u>	<u>Increase</u>	<u>1978</u> <u>Estimate</u>
National Rural Development			
Information System	\$ 92,000	+\$150,000	\$ 242,000
Working Capital Fund services	(38,000)	+ 3,000	3,000
GSA space rental cost	30,000	+34,000	64,000
Annualization of pay cost increase effective in 1977	42,000	+ 1,000	43,000
All other	<u>1,311,000</u>	<u>--</u>	<u>1,311,000</u>
Total	<u>1,475,000</u>	<u>+188,000</u>	<u>1,663,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1976 Actual	1977 Estimate	Increase	1978 Estimate
1. Program coordination and direction	\$ 946,912	\$1,475,000	+\$ 188,000	\$1,663,000
Unobligated balance	394,088	---	---	---
Total available or estimate ...	<u>1,341,000</u>	<u>1,475,000</u>	<u>+188,000</u>	<u>1,663,000</u>
Proposed supplemental for pay increased costs	---	-42,000	---	---
Total, appropriation	<u>1,341,000</u>	<u>1,433,000</u>	---	---

EXPLANATION OF PROGRAM

The Rural Development Service was established by Secretary's Memorandum No. 1730, dated May 13, 1971, and Supplement No. 1, dated September 3, 1971. RDS provides coordination for the programs of USDA and other departments and agencies of the Federal Government that can be brought to bear on the problems of development in rural areas. It also assists the Secretary in carrying out his responsibilities under the coordination requirements of the Rural Development Act of 1972. The Rural Development Service conducts regional rural development conferences to discuss responsibilities and working relationships in rural development, and provides information and technical assistance to the public, state and local governments, Congress, and other departments and agencies in the Federal Government seeking assistance in rural development.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$188,000 for rural development coordination and direction consisting of:
- (a) An increase of \$150,000 for the National Rural Development Information System (\$92,000 available in 1977). Section 603 of the Rural Development Act directs the Secretary of Agriculture to disseminate useful information on rural development. Since USDA controls less than 20 percent of the total Federal resources for which rural people and their communities are eligible, the information disseminated should encompass the other 80 percent as well. However, these program resources are scattered through about 40 other departments and agencies. Most Federal agencies conduct research and develop information about their programs. In addition, universities and other members of the research community produce reports of value to policy and decisionmakers. There is currently no central place in the Government where all relevant data and information reflective of conditions and trends in rural areas are collected, interpreted, and disseminated. Yet, the Department's responsibilities in this area are fully comparable to its parallel responsibilities in the field of production agriculture.

The Rural Development Service has designed and initiated preliminary steps to undertake a system called the National Rural Development Information System (NRDIS) to meet this demand. NRDIS will be a management information system to enable better rural development policy and decisionmaking. It will be a center for the systematic collection, analyses and dissemination of existing rural development research and program performance data. The system will greatly improve current capabilities to perceive areas of progress or significant problems affecting the quality of life in rural America. Analysis and interpretation of data will permit NRDIS to present its findings in a variety of ways responsive to the needs of policy and decisionmaking interests in the Congress, the Executive Branch and public interest groups.

Making such information available to policy and program managers on a regular basis will greatly assist in effecting increased levels of coordination, as well as provide a means to increase the effectiveness of the leadership provided by this agency.

NRDIS is not a research operation. However, it will need regional survey input which states can develop. To enable such input it is proposed, if funds are available, to enter shared cost arrangements with states that are willing to conduct surveys. After the first year, it is anticipated that up to ten states would participate each year, thus enabling a complete national survey over a five-year period.

- (b) An increase of \$3,000 for Working Capital Fund services.
- (c) An increase of \$34,000 for GSA space rental costs pursuant to P.L. 92-313 (\$30,000 available in 1977). This increase reflects the correction of erroneous FY 1976 and prior year charges to RDS to reflect the actual space occupied by the agency.
- (d) An increase of \$1,000 for annualization of pay cost increases effective in 1977 (\$42,000 available in 1977).

Status of Program

The Rural Development Service was established to help people who live in rural America by facilitating their access to federal programs that can expedite community development, and ensuring that federal agencies and departments extend their programs and resources to all rural areas. RDS also assists and advises organizations and individuals involved in rural development efforts and provides staff assistance to the Secretary of Agriculture in carrying out his responsibilities under the Rural Development Act of 1972.

Summary of Major Agency Programs

Technical Assistance for State and Local Government - The Rural Development Service, through its one-stop service center, assists state and local public officials, community leaders, and others in identification and utilization of federal, state, and local resources applicable to their rural development needs and priorities. This ombudsman service is designed to help rural communities overcome obstacles to maximum use of all sources of rural development assistance available to them.

Federal Agency Coordination - The Rural Development Service works with other federal departments and agencies as an advocate for rural needs in the development of new legislative proposals, administrative policies and procedures, and the promulgation of federal program regulations in such fields as health services, rural transportation, housing and community development, economic development, energy and recreation. This effort is also directed toward improved coordination at the federal level which will result in better delivery of needed program services and assistance to rural America.

National Rural Development Leaders School - The Rural Development Service is involved in creating and testing innovative programs and techniques for improving the effectiveness of rural development at the local, state, and federal levels of both the public and private sector. Through the National Rural Development Leaders School, over 800 rural leaders from 49 states have been involved in an intensive, in-depth practical training in the process and concepts of rural development. The Rural Development Service is cooperating with two rural centers and the national FFA to develop other rural development training programs for community leaders and professional workers. It is expected that these programs will expand during FY 1977 to include training of multi-state groups and public and private interest groups.

National Rural Development Information System - The National Rural Development Information System was developed to collect, analyze and disseminate critical rural development information. The system, which was initiated in 1977, is expected to be fully operational in FY 1978, and will produce timely information relevant to the needs of policy and decision makers in the Executive Branch, the Congress, and the private sector.

Federal Assistance Programs Retrieval System (FAPRS) - FAPRS is a computerized program information system which provides information concerning federal aid programs to interested persons throughout the United States. It is designed to identify in minutes the specific federal assistance programs for which a community may be eligible to carry out a project or meet a previously identified need. The system contains program information on approximately 600 federal programs, and eligibility information on all of the more than 3,000 counties in the United States. The FAPRS data base is currently being expanded to include a greater number of federal assistance programs and more information about each program in the system. FAPRS was developed and is maintained by RDS, and is presently available in almost every state through various federal, state, and local organizations and agencies.

Information Service - The Rural Development Service responds to vigorous and increasing public and Congressional demands for rural development information by utilizing all media--press, publications, radio and television, along with audio-visuals such as films and slide shows and exhibits to educate and inform. The RDS library includes materials, available on request, from a wide variety of agencies and organizations.

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

Rural Electrification Administration

The Rural Electrification Administration (REA) was established by Executive Order 7037 on May 11, 1935, to provide loan funds to eligible borrowers for the purpose of extending central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936, and on July 1, 1939, under Reorganization Plan II, REA became a part of the Department of Agriculture. On October 28, 1949, the purpose of REA was expanded by Public Law 423 which amended the Act to authorize loans for furnishing telephone service to rural areas.

Public Law 93-32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, to establish a "Rural Electrification and Telephone Revolving Fund" (RETRF) for the purpose of making insured loans to REA electric and telephone borrowers. These loans bear either two- or five-percent interest in accordance with criteria specified in the Act, and have a maturity not to exceed 35 years. The Act also authorizes REA to guarantee loans made by other lenders at rates and terms to be agreed upon between the lender and the borrower. In October 1976, Public Law 94-570 further amended the Act and made available to the RETRF \$455,634,525 in borrowing authority carried over from the fiscal year 1973 authorization. The legislation also changed the statutory criteria used in determining eligibility for the special rate (two-percent) insured loans. The changes corrected unintended inequities which resulted from P.L. 93-32, bringing the number of borrowers eligible for the special rate more in line with Congressional intent and with borrowers' actual needs for funds at this rate.

The headquarters of REA is Washington, D.C. As of October 31, 1976, there were 753 employees of which 744 were full-time employees in permanent positions. Of these, 573 were based in Washington and 180 were in the field. REA does not maintain field offices and the field personnel work out of their homes.

Rural Telephone Bank

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing for the growing capital needs of rural telephone systems. Public Law 92-324, approved June 30, 1972, further amended the Act to permit the Secretary of the Treasury to purchase the Bank's debentures.

Public Law 93-32, approved May 11, 1973, further amended the Act and provided for borrowing authority of 20 times its paid-in capital and retained earnings. It also provided that the Bank charge a single interest rate, based on the average cost of money to the Bank, but not less than five percent per annum. Bank loans must be fully amortized over a period not to exceed 50 years. Nearly all loans to date have been for a 35-year period.

The Rural Telephone Bank is managed by a 13-member board of directors. The Administrator of REA serves as Governor of the Bank until conversion to private ownership, control, and operation, which takes place when 51 percent of the Class A stock issued to the United States and outstanding at any time after June 30, 1985, has been fully redeemed and retired. The Bank board holds at least four regularly scheduled meetings a year. Activities of the Bank are carried out by the existing REA employees and employees of the Office of the General Counsel.

Available Funds and Man-Years
1976 and Estimates, 1977 and 1978

Item	Actual, 1976		Estimated Available, 1977		Budget Estimate 1978	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Rural Electrification Administration:						
Salaries and expenses	\$ 20,713,000	785	\$ 22,299,000	760	\$ 22,567,000	765
Loan authorizations:						
Rural electrification:						
Insured loans	750,000,000	---	750,000,000	---	750,000,000	---
Loan guarantees	1,241,553,000	---	3,500,000,000	---	3,500,000,000	---
Total electrification loans	1,991,553,000	---	4,250,000,000	---	4,250,000,000	---
Rural telephone:						
Insured loans	250,061,000	---	250,000,062	---	250,000,000	---
Loan guarantees	181,615,000	---	200,000,000	---	200,000,000	---
Total telephone loans:	431,676,000	---	450,000,062	---	450,000,000	---
Total loan authorizations ..	2,423,229,000	---	4,700,000,062	---	4,700,000,000	---
Rural Telephone Bank loans	180,058,200	---	160,000,000	---	160,000,000	---
Obligations under other USDA appropriations:						
Rural Telephone Bank, for travel expenses	170,000	---	---	---	---	---
Total Agriculture Appropriations	2,624,170,200	785	4,882,299,062	760	4,882,567,000	765
Other funds, reimbursements ..	22,340	---	15,000	---	15,000	---
Total, Rural Electrification Administration and Rural Telephone Bank	2,624,192,540	785	4,882,314,062	760	4,882,582,000	765

	<u>1976 Actual</u>	<u>1977 Estimated</u>	<u>1978 Estimated</u>
End-of-Year Employment:			
Permanent Full-Time	739	739	739
Other	8	10	10
Total	<u>747</u>	<u>749</u>	<u>749</u>

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION
Rural Electrification and Telephone Revolving Fund

Loan Authorizations

	Loan Authorizations	Estimated Obligations for Loans, Loan Guarantee Commitments, and Interest Expense
<u>Electrification Loans:</u>		
<u>Insured Loan Program:</u>		
Appropriation Act, 1977	\$ 750,000,000	\$ 779,984,000
Budget Estimate, 1978	750,000,000	792,012,000
Change	---	+12,028,000
<u>Loan Guarantees:</u>		
Appropriation Act, 1977	3,500,000,000	3,500,000,000
Budget Estimate, 1978	3,500,000,000	3,500,000,000
Change	---	---
Increase Over 1977	---	+12,028,000
<u>Telephone Loans:</u>		
<u>Insured Loan Program:</u>		
Appropriation Act, 1977	250,000,000	256,112,000
Budget Estimate, 1978	250,000,000	263,527,000
Change	---	+7,415,000
<u>Loan Guarantees:</u>		
Appropriation Act, 1977	200,000,000	200,000,000
Budget Estimate, 1978	200,000,000	200,000,000
Change	---	---
Increase Over 1977	---	+7,415,000

Note: The 1977 Appropriation Act does not provide a specific level for loan guarantees. The amounts shown here are the current program level estimates.

SUMMARY OF INCREASES AND DECREASES
(On basis of loan authorizations)

	1977	Change	1978 Estimate
<u>Rural Electrification Program:</u>			
Insured loans	\$ 750,000,000 a/	\$---	\$ 750,000,000
Loan guarantees	3,500,000,000 b/	---	3,500,000,000
Total	4,250,000,000	---	4,250,000,000
<u>Rural Telephone Program:</u>			
Insured loans	250,000,000 c/	---	250,000,000
Loan guarantees	200,000,000 b/	---	200,000,000
Total	450,000,000	---	450,000,000
Total loan authorization	4,700,000,000	---	4,700,000,000

PROJECT STATEMENT
(On basis of loan authorizations)

Project	1976 Actual	1977 (Estimated)	Increase or Decrease	1978 (Estimated)
1. Rural electrifi- cation loans:				
Insured loans ...	\$ 750,000,000	d/ \$ 750,000,000	a/ \$---	\$ 750,000,000
Loan guarantees	1,286,000,000	b/ 3,500,000,000	b/ ---	3,500,000,000
Total	2,036,000,000	4,250,000,000	---	4,250,000,000
2. Rural telephone loans:				
Insured loans ...	250,000,000	e/ 250,000,000	c/ ---	250,000,000
Loan guarantees	250,000,000	b/ 200,000,000	b/ ---	200,000,000
Total	500,000,000	450,000,000	---	450,000,000
Total loan authorization	2,536,000,000	4,700,000,000	---	4,700,000,000

a/ The Appropriation Act for fiscal year 1977 provides an indefinite authorization of not less than \$750,000,000, but not more than \$900,000,000.

b/ Budget estimates, no limitations were set forth in the Appropriation Act.

c/ The Appropriation Act for fiscal year 1977 provides an indefinite authorization of not less than \$250,000,000.

d/ The Appropriation Act for fiscal year 1976 provided an indefinite authorization of not less than \$750,000,000.

e/ The Appropriation Act for fiscal year 1976 provided an indefinite authorization of not less than \$250,000,000.

PROJECT STATEMENT
(On basis of actual or estimated obligations for loans and interest expense)

Project	1976 Actual	1977 (Estimated)	Increase or Decrease	1978 (Estimated)
1. Rural electri- fication loans:				
Interest expense	\$ 6,273,359	\$ 29,984,000	+\$12,028,000 (1)	\$ 42,012,000
Insured loans	750,000,000	750,000,000	---	750,000,000
Loan guarantees	1,241,553,000	3,500,000,000	---	3,500,000,000
Total	1,997,826,359	4,279,984,000	+12,028,000	4,292,012,000
2. Rural tele- phone loans:				
Interest expense	---	6,112,000	+7,415,000 (2)	13,527,000
Insured loans	250,061,000	a/ 250,062,000	b/ -62,000	250,000,000
Loan guarantees	181,615,000	200,000,000	---	200,000,000
Total	431,676,000	456,174,000	+7,353,000	463,527,000
Total	2,429,502,359	4,736,158,000	+19,381,000	4,755,539,000

a/ Includes \$61,000 of 1975 authorization carried forward and obligated in 1976.

b/ Includes \$62,000 of TQ authorization carried forward into 1977.

EXPLANATION OF ELECTRIC AND TELEPHONE LOAN PROGRAM

The loan authorizations of the Rural Electrification Administration are used to carry out the provisions of the Rural Electrification Act of 1936, as amended. The objective is to assure that rural communities have access to reliable electric and telephone service. REA conducts two loan programs: (1) the rural electrification program, to provide central station electric service to farms and other rural establishments; and (2) the rural telephone program, to furnish and improve telephone service in rural areas.

Insured loans are financed from the Rural Electrification and Telephone Revolving Fund (RETRF) and bear interest at either a standard rate of 5 percent or a special rate of 2 percent, in accordance with criteria specified in the Act, and must be repaid within a period not to exceed 35 years. Non-REA loans guaranteed by REA bear interest rates agreed upon by the lender and the borrower.

Electrification Program Statistics (Dollars in thousands)

	1976 Actual	1977 Estimated	1978 Estimated
Cumulative net loans	\$10,814,505	\$11,743,996	\$12,493,996
Cumulative funds advanced	\$9,813,780	\$10,728,689	\$11,478,689
Unadvanced funds, end of year	\$1,000,725	\$1,015,307	\$1,015,307
Cumulative principal repaid	\$3,163,924	\$3,435,992	\$3,689,533
Cumulative interest paid	\$1,819,042	\$2,044,882	\$2,238,098
Cumulative loan guarantee commitments	\$3,422,329	\$7,326,174	\$10,826,174
Cumulative miles energized - calendar year (thousands)(estimate) 1/	1,860	1,894	1,930
Cumulative consumers serviced - calendar year (thousands)(estimate) 1/	8,293	8,618	8,993
Number of borrowers	1,093	1,094	1,095

1/ Data represents accomplishments from all sources of funds.

Telephone Program Statistics (Dollars in thousands)

	1976 Actual	1977 Estimated	1978 Estimated
Cumulative net loans	\$2,737,300	\$3,049,736	\$3,299,736
Cumulative funds advanced	\$2,284,505	\$2,552,993	\$2,802,993
Unadvanced funds, end of year	\$452,795	\$496,743	\$496,743
Cumulative principal repaid	\$512,214	\$582,838	\$644,988
Cumulative interest paid	\$375,033	\$427,451	\$473,998
Cumulative loan guarantee commitments	\$381,615	\$593,873	\$793,873
Cumulative route miles of line constructed or improved - calendar year (thousands) (estimate) 1/	683	718	753
Cumulative dial subscribers, new and improved service - calendar year (thousands) (estimate) 1/	3,195	3,365	3,535
Number of borrowers	930	945	960

1/ Data represents accomplishments from borrowers financed 20 percent or more by REA, RTB, and loan guarantees.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$12,028,000 in interest expense to fund loan advances in the electric program from the Rural Electrification and Telephone Revolving Fund (RETRF) (\$29,984,000 projected for 1977): The RETRF funds the advances on its loans through principal and interest receipts to the Fund and through the sale of Certificates of Beneficial Ownership (CBO's) to the Federal Financing Bank (FFB). CBO's are sold twice a year. Borrowings from Treasury are done on an interim basis and then refinanced in the CBO sale. Interest expense on this activity for the electric program is expected to total \$30 million in 1977 and \$42 million in 1978. The estimated total interest cost to the Government, both REA and Treasury, on outstanding electric loans is \$256.1 million in FY 1976, \$276.7 million in FY 1977, and \$296.4 million in FY 1978. These are the amounts for each year by which the Government's interest expense, calculated using the June 30, 1976 interest rate for all marketable Treasury issues, exceeds interest revenue paid by borrowers.

An insured electric loan level of \$750 million is projected for 1978, the same level as 1977. REA commitments to guarantee loans to electric borrowers are expected to total \$3.5 billion during 1978, again the same as 1977. These levels, together with approximately \$200 million in supplemental financing from the National Rural Utilities Cooperative Finance Corporation and other lenders, should enable REA to meet the high priority needs of borrowers to maintain and improve the quality of electric service in rural areas. The estimated interest cost to the Government from 1978 electric loans, based on the difference between the average interest charge to the borrowers, just over 4 percent, and the Government's borrowing cost, based on latest Treasury rates, would be \$412.2 million over the 35-year life of these loans.

Public Law 94-570, approved October 20, 1976, amended the RE Act and corrected unintended inequities in the interest rate criteria for REA borrowers. As a result, the special rate (2-percent) loans are expected to decrease in 1978 by \$40 million.

The following table indicates the actual and anticipated loan needs of REA electric borrowers through fiscal year 1978.

<u>Applications and Loans</u> (Rounded to thousands)				
	<u>1976 Actual</u>	<u>TO Actual</u>	<u>1977 Estimate</u>	<u>1978 Estimate</u>
<u>Loan Applications:</u>				
On hand at beginning of year	\$ 981,204	\$3,042,986	\$3,867,659	\$3,552,659
Received during year	4,136,086	1,471,338	4,100,000	4,185,000
Total for consideration ..	5,117,290	4,514,324	7,967,659	7,737,659
<u>Loans Approved:</u>				
REA-insured (2-percent)	222,476	47,225	170,000	130,000
REA-insured (5-percent)	527,524	140,275	580,000	620,000
Total, REA-insured	750,000	187,500	750,000	750,000
Non-REA supplemental	1,241,553	403,845	3,500,000	3,500,000
Non-REA with guarantee	193,002	30,908	165,000	200,000
Total loans	2,184,555	622,253	4,415,000	4,450,000
Applications pending, end of year	3,042,986 a/	3,867,659 b/	3,552,659	3,287,659
a/ Reflects a net adjustment of \$+110,251.				
b/ Reflects a net adjustment of \$ -24,412.				

Note: Does not include equity financing amounts.

(2) An increase of \$7,415,000 in interest expense to fund loan advances in the telephone program from the Rural Electrification and Telephone Revolving Fund (RETRF) (\$6,112,000 projected for 1977): The RETRF funds the advances on its loans through principal and interest receipts to the Fund and through the sale of Certificates of Beneficial Ownership (CBO's) to the Federal Financing Bank (FFB). CBO's are sold twice a year. Borrowings from Treasury are done on an interim basis and then refinanced in the CBO sale. Interest expense on this activity for the telephone program is expected to total \$6.1 million in 1977 and \$13.5 million in 1978. The estimated total interest cost to the Government, both REA and Treasury, on outstanding telephone loans is \$75.5 million in FY 1976, \$81.8 million in FY 1977, and \$89.1 million in FY 1978. These are the amounts for each year by which the Government's interest expense, calculated using the June 30, 1976 interest rate for all marketable Treasury issues, exceeds interest revenue paid by borrowers.

An insured telephone loan level of \$250 million is projected for 1978, the same level as 1977. REA commitments to guarantee loans to telephone borrowers are expected to total \$200 million during 1978, again the same as 1977. These levels, together with approximately \$160 million from the Rural Telephone Bank, should enable REA to meet the high priority needs of borrowers for the extension and improvement of rural telephone service. The estimated interest cost to the Government from 1978 telephone loans, based on the difference between the average interest charge to the borrowers, just over 4 percent, and the Government's borrowing cost, based on latest Treasury rates, would be \$137.3 million over the 35-year life of these loans.

The following table indicates the actual and estimated loan needs of rural telephone borrowers through fiscal year 1978.

<u>Telephone Borrowers</u> (Dollars in thousands)				
	<u>1976 Actual</u>	<u>TQ Actual</u>	<u>1977 Estimate</u>	<u>1978 Estimate</u>
<u>Loan Applications:</u>				
On hand at beginning of year	\$ 812,637	\$690,753	\$ 641,644	\$ 456,582
Received during year	<u>447,752 a/</u>	<u>77,260</u>	<u>425,000</u>	<u>600,000 a/</u>
Total for consideration ..	<u>1,260,389</u>	<u>768,013</u>	<u>1,066,644</u>	<u>1,056,582</u>
<u>Loans:</u>				
REA-insured (2-percent)	103,773	43,065	120,000	90,000
REA-insured (5-percent)	<u>146,288</u>	<u>19,373</u>	<u>130,062</u>	<u>160,000</u>
Total, insured loans	<u>250,061</u>	<u>62,438</u>	<u>250,062</u>	<u>250,000</u>
Loan guarantee commitments .	181,615	12,258	200,000	200,000
Rural Telephone Bank	<u>180,058</u>	<u>26,544</u>	<u>160,000</u>	<u>160,000</u>
Total loans	<u>611,734</u>	<u>101,240</u>	<u>610,062</u>	<u>610,000</u>
Applications pending, end of year	<u>690,753 b/</u>	<u>641,644 c/</u>	<u>456,582</u>	<u>446,582</u>
a/ Includes \$100,000,000 of the \$400,000,000 application received from Puerto Rico.				
b/ Reflects a net upward adjustment of \$42,098,000.				
c/ Reflects a net downward adjustment of \$25,129,000.				

STATUS OF PROGRAM

The Rural Electrification Administration is authorized by the Rural Electrification Act of 1936, as amended, to provide capital through insured loans and guarantees of loans by other lenders to qualified rural electric and telephone organizations. The objective of these programs is to help improve the quality of life in rural areas by assisting people in eligible rural communities in obtaining reliable electric and telephone service.

The Federal Financing Bank (FFB) has to date been the principal source of funds under REA guarantee. The FFB has agreed to provide loan funds to rural electric and telephone systems under REA guarantee up to a specified total, which is subject to revision as required.

GENERAL PROGRAM ADMINISTRATION

Borrowers' Financial Condition - As of June 30, 1976, approximately \$3.2 billion in principal payments and \$1.8 billion in interest payments had been made by electric borrowers. Telephone borrowers had paid \$512.2 million in principal and had made interest payments of \$374.9 million. On June 30, 1976, three electric borrowers were in arrears more than 30 days on debt payment, with the delinquencies totaling \$.8 million, approximately half the amount of a year earlier. One telephone borrower was in arrears, with delinquencies totaling \$.1 million, a decrease of \$.25 million from last year.

The balance of advance payments by electric and telephone borrowers was \$145.0 million on June 30, 1976, a decrease of \$23.2 million from a year earlier and \$173.6 million from June 30, 1972. In the electric program, the advance payment balance dropped to \$125.6 million on June 30, 1976, a decrease of \$22.6 million from a year earlier and \$167.9 million from June 30, 1972. In the telephone program, the advance payment balance dropped to \$19.4 million on June 30, 1976, a decrease of \$0.6 million from June 30, 1975, and \$5.8 million from June 30, 1972. Borrowers are continuing to utilize their accumulated advance payments in lieu of making their regular payments, thereby enabling them to finance a larger portion of their construction with their own funds.

Accounting and Auditing - REA field accountants are responsible for conducting accounting surveys and reviews of borrower accounting systems and procedures in both the electric and telephone programs. The main objectives of these reviews are to determine the propriety of loan fund expenditures, to evaluate the effectiveness of borrowers' internal accounting control systems, and to review the adequacy of the annual CPA audits. During fiscal year 1976, REA field accountants conducted 550 Loan Fund and Accounting Reviews, 302 in the electric program and 248 in the telephone program. In 179 of these reviews, it was found that loan funds were disbursed from the borrowers' construction fund account in error for reasons of inadequate documentation or duplication of previously claimed expenditures or claims for expenses not covered under REA financing. These disallowances amounted to \$15.5 million. REA is interested not only in the effectiveness of the methods for recording and controlling of borrowers' assets, liabilities, and operations, but also in the accuracy of the resulting reports. Reliable reports aid management's control of operations, planning, forecasting, cash flow projections, loan security, and program appraisal.

REA accountants are also responsible, in both the electric and telephone programs, for advising REA borrowers in the development, establishment, and proper maintenance of acceptable public utility accounting records systems. These areas of responsibility are carried out primarily at the field level by the permanent field accounting and auditing staff with supervision and technical assistance provided by the Washington office.

Through review of annual CPA audit reports, the Washington headquarters accounting staff brings significant disclosures and comments, with explanatory analysis, to the attention of appropriate Agency officials. These reviews enable the accounting staff to emphasize CPA and/or REA field accountant recommended actions to correct weaknesses and deficiencies in borrower accounting and reporting.

In addition, the review and evaluation of CPAs' working papers supporting the audit reports of selected CPAs by Washington headquarters accounting staff determine CPA compliance with REA audit requirements. Following a review, the CPA is provided with a comprehensive report of REA's evaluation of their working papers. If the review indicates the need, a follow-up visit is scheduled. This program has increased compliance with REA audit requirements, and in a minority of instances removed unsatisfactory CPAs from audits of borrowers' financial records.

Labor Relations - In representing the Government as mortgagee and in furthering the objectives of the Rural Electrification Act, REA is concerned that its 1,800 active borrowers, employing more than 63,000 workers, adhere to sound labor/management policies and practices. REA provides advice to its borrowers to assist them in maintaining compliance with applicable Federal, state, and local laws and regulations. Economic data relating to employment and current wage developments of interest to these employers is also made available to them. This information, provided to the borrowers through publications and presentations at meetings sponsored by state and national associations, assists borrowers' management in achieving good working relationships with their employees and encourages stability in the day-to-day operations of REA-financed electric and telephone systems providing these vital utility services throughout rural America.

Occupational Safety - With enactment of the Occupational Safety and Health Act of 1970 (OSHA), REA found that many of the functions performed by its safety staff would now be performed by OSHA, such as the collection and analysis of borrower accident data. To avoid duplication, REA has therefore discontinued this record-keeping activity. However, REA personnel still continue to serve with national code- and rule-making bodies to ensure that problems peculiar to rural electric and telephone borrowers are considered.

Insurance Requirements - REA borrowers are required to meet the insurance requirements set forth in their mortgage and loan contracts. REA assists its borrowers in meeting these requirements and provides consulting services for evaluating individual insurance proposals designed to provide for the individual borrower's requirements and protection.

Civil Rights - It is the policy of REA that no person in the United States shall, on the grounds of race, color, religion, or national origin, be excluded from participation in, be denied the benefits of, or be otherwise subjected to discrimination under the REA electric and telephone loan programs. Provisions requiring the extension of service on an area coverage basis have been in REA loan contracts since the 1940's; consequently, allegations of discrimination in the extension of service by borrowers are extremely rare. It is also REA's policy that employment opportunities created by construction work involving Federal financial assistance through REA loans are made equally available to all qualified persons, without regard to race, color, religion, sex, or national origin.

REA encourages its borrowers to involve more minority groups in their programs and activities and has developed guidelines which borrowers may use for increasing minority member participation in the activities and affairs of cooperative-type borrowers. Borrowers are required to certify annually that they comply fully with all requirements of Title VI of the Civil Rights Act of 1964 and with the Rules and Regulations of the Department of Agriculture issued thereunder. REA has a full-time Civil Rights Coordinator who coordinates the efforts of REA and its borrowers in carrying out this program. REA also has an Equal Opportunity

Specialist who assists the Coordinator in such efforts and serves as chairman of a select group of REA employees who conduct civil rights progress reviews in the field to determine the extent to which borrowers are complying with civil rights rules and regulations. Thirty-six indepth civil rights progress reviews are made annually throughout the United States.

To get minority representation at the policy-making level, cooperatives or mutual-type borrowers are encouraged to create at-large positions on boards of directors and select minority members to fill the newly created positions until the next annual meeting, at which time these positions would be filled by the normal election procedure. Prior to 1969, only one black had ever served on a board of directors of an electric cooperative. As of October 31, 1976, there were 101 blacks and 160 other minority members serving on boards of directors of REA electric and telephone borrowers. This is an increase of 23 blacks and 41 other minority members in the past year alone.

REA's civil rights program has been directed toward one goal: complying with the equal opportunity statutes with minimum delay and maximum benefits to REA borrowers. REA's technique has been the "soft sell" approach in informing borrowers why compliance is a good idea and good business rather than stressing the penalties which might accrue when the law is disobeyed, bypassed, or ignored. In keeping with this philosophy, more minority members are serving on boards of directors and more are being employed in, or promoted to, higher level positions than ever before. With more effort being placed on programs that provide work experience, such as cooperative education type programs for prospective employees, including minority groups, the opportunity for more members of minorities to be employed and reach higher levels will continue to be enhanced.

During the period from 1970 to 1975, total employment in REA-financed systems increased from 51,808 to 63,245. During the same period, minority employment in the REA-financed systems increased from 5.0 percent in 1970 to 6.2 percent in 1975.

Foreign Assistance - As in past years, training activities were conducted on a reimbursable basis for the Agency for International Development. In fiscal year 1976, 111 representatives from 13 foreign countries received orientation and technical training in the rural electrification and rural telephone programs. In addition, REA responded to 92 written inquiries from 20 foreign countries, furnishing technical and general information and publications.

Member Services - REA continues to assist borrowers in developing consumer information programs through which consumers are instructed in the efficient use of electricity on the farm and in the home. Particular emphasis is placed on energy conservation. Programs are also developed to inform cooperative members as to the purposes and benefits of the cooperative concept and to urge them to take part in cooperative and community affairs.

Community Development - In keeping with the Department's rural development objective of improving the quality of life in rural America, REA assists borrowers and their associations to organize all available resources to carry out programs and promote individual projects. More stable and prosperous rural communities improve loan security and further the objectives of the Rural Electrification Act.

ELECTRIC PROGRAM

Borrowers' Progress and Financial Development - As of December 31, 1975, 1,050 electric borrowers in 46 states, Puerto Rico, and the Virgin Islands were providing electric service to 8,017,654 consumers. Of a total of 984 active borrowers, 935 are engaged primarily in operating distribution systems while 49 have received financing primarily for generation and transmission facilities. One hundred and eight borrowers have repaid their loans in full.

During fiscal year 1976, borrowers received loans providing for about 300,000 new consumers and 31,000 miles of line. At the end of calendar year 1975, 1,050 electric borrowers were operating 1,827,896 miles of line and employing 43,629 full-time employees.

Since 1948, the typical (median) electric distribution borrower has more than doubled the number of miles of line operated and the number of consumers served. As of December 31, 1975, the typical electric distribution borrower had 1,669 miles of line and 5,976 consumers.

The following schedule provides a percentage distribution of kWh sold, revenue, and total consumers by type reported by REA borrowers operating distribution systems for calendar year 1975.

<u>Type of Consumer</u>	<u>kWh Sold</u>	<u>Revenues</u>	<u>Total Consumers</u>
Residential, Farm and Non-Farm	64.0%	69.6%	90.8%
Commercial and Industrial, Small ...	7.6	8.8	6.1
Commercial and Industrial, Large ...	22.0	15.3	0.5
Other Electric Service	6.4	6.3	2.6
	100.0	100.0	100.0

The composite equity of electric borrowers has increased steadily over the years. As of December 31, 1975, the composite net worth of electric borrowers reporting was \$2,615,581,996, or 23.9 percent of total assets, compared with \$1,670,260,130, or 27 percent, in 1970. Distribution borrowers had a composite net worth of \$2,419,746,481, or 32.4 percent of total assets, as of December 31, 1975, compared with \$1,630,602,068, or 34.3 percent, in 1970. The relative decline in net worth as a percent of assets indicates that the systems are expanding faster than can be financed by the accumulation of equity.

Management Assistance to Borrowers - During the past year, REA continued to help borrowers develop better management practices. In August 1976, REA established an Electric Borrowers Management Division to enable the agency to provide improved overall business management advice and assistance to electric borrowers.

Analytical tools such as the Expense Comparison Study and the Borrower Statistical Profile were improved, both statistically and in format, and were distributed to the borrowers for use in analyzing their operations. Ten-year financial forecasting will be made much more flexible and less time consuming for an estimated 80 percent of the borrowers through the use of computers for the arithmetical computations and presentation of the forecast. The computer program is now operable and will be used by cooperative data processing centers and by individual borrowers with on-premise data processing equipment.

Loan procedures have been modified to reduce processing time, allowing loan analysts more time to assist borrowers in other areas. Research is continuing to streamline the procedures by which electric borrowers prepare loan applications without significantly affecting REA's ability to make sound judgments on the need for and feasibility of the applications.

A program was held for more than 60 new managers and other key borrower employees, to provide orientation in engineering and financial subjects necessary for good management and some of the current thinking and recent developments in important program areas that affect borrowers' operations such as civil rights, labor relations, employee selection and development, and other important areas.

Retail Rates - During fiscal year 1976, 306 REA electric borrowers reported retail rate changes. Increasing fuel and wholesale power costs, coupled with environmental requirements, rising construction and operating costs, necessitated 302 increases which added \$104,225,000 to the estimated annual revenues of these

borrowers to cover increased expenses. These are industry-wide problems, and the cost of electric energy is expected to continue to increase in all sections of the country. There were only four rate reductions during that period, and these represented relatively minor rate adjustments, decreasing annual revenues by about \$618,000.

Environment - REA provides guidance to its borrowers concerning the most efficient methods, consistent with current regulations, for complying with their environmental responsibilities while at the same time satisfying increased demands for electric power. Meeting the Federal environmental standards and sometimes more stringent state standards for electric generating facilities means increased capital costs for power projects. A coal-fired power plant planned in 1967 for operation in 1971 was estimated to cost \$150/kW. The estimate in 1976 for operation in 1981 would be between \$500-\$900/kW, an average of approximately \$700/kW, or approximately five times that of the same size plant planned in 1967. The latter estimate reflects the added environmental controls such as sulphur dioxide removal and cooling towers, as well as higher cost of money, labor, and material.

REA plays an active role in the preparation of environmental regulations proposed by other Federal agencies which may affect the construction and operation of generation, transmission and distribution facilities. This may involve submission of written comments as well as consultation on the proposed regulations.

During fiscal year 1976, 11 Final Environmental Impact Statements covering approximately 6,000 megawatts of generating capacity and 1,260 miles of transmission lines were approved and reported to the Council on Environmental Quality and the public. In addition, nine Draft Environmental Impact Statements, covering approximately 4,710 megawatts of generating capacity and 1,432 miles of transmission line, were completed and published in the Federal Register. In addition, work was initiated on seven Draft Environmental Impact Statements covering 6,640 megawatts of generating capacity and 1,558 miles of transmission lines.

Participation by REA-financed borrowers with other electric power utilities in generation projects increased in fiscal year 1976. REA reviewed Environmental Impact Statements prepared by other Federal agencies on projects involving REA borrower participation. Such review was completed on 11 Environmental Impact Statements covering approximately 15,650 megawatts of generation and 1,553 miles of transmission lines.

In fiscal year 1976, 20 future generating sites and approximately 1,045 miles of transmission line routes were investigated by environmental staff personnel.

Improvements in Electric Standards and Techniques - During fiscal year 1976, REA revised several technical publications and issued some new ones dealing with overhead and underground construction standards and design considerations. They included:

1. Revised Specification for Overhead Type Rural Distribution Transformers.
2. Revised Specification for Single and Three-Phase Pad-Mounted Transformers.
3. New Specification for Overhead Covered Wire.
4. New Bulletin, "Electrical Characteristics of REA Alternating Current Transmission Line Designs."
5. New Bulletin, "Electrostatic and Electromagnetic Effects of Overhead Transmission Lines."
6. Revised Bulletin, "Brush Control in Right-of-Way Maintenance."

In addition, REA entered into a contract with a consulting firm for the preparation of a comprehensive design guide for rural transmission and distribution substations.

REA engineers continued to work with other segments of the electrical industry in the development of voluntary national standards and codes. They participated in working committees and groups of organizations such as the Institute of Electrical and Electronics Engineers, American Wood Preservers' Association, American Society for Testing Materials, and National Association of Corrosion Engineers to assure that special requirements of the rural electric systems and their consumers would not be overlooked.

Power Supply - Total energy sales of all REA borrowers increased 6.6 percent during calendar year 1975. Sales increased at an average annual rate of 8.2 percent over the five-year period ended December 31, 1974. The average cost of energy purchased at wholesale by REA distribution borrowers has increased steadily in each of the past five years, from 0.71 cents per kWh in 1970 to 1.44 cents in 1975, a trend which is the reverse of the experiences of the prior 30 years when the cost of energy steadily declined.

An additional 2,138,810 kilowatts of generating capacity and 3,719 miles of transmission line and related facilities were provided for in loans by REA and other sources in fiscal year 1976, and in commitments under the REA loan guarantee program. Total capacity provided for in the 41-year history of the REA program was 16,747,348 kW as of June 30, 1976. Total transmission mileage on the same date was 84,140.

REA borrowers placed 1,177,257 kW of generating capacity in operation during fiscal year 1976. Total REA-financed installed generating capacity was 8,874,324 kW as of June 30, 1976.

REA is working with other agencies on nonconventional energy sources. During fiscal year 1976, REA cooperated with the Energy Research and Development Administration (ERDA) and the Agricultural Research Service (ARS) in developing a "Request for Proposals" to study the effects of interconnecting locally owned, small wind-powered generators with electric distribution systems. This is the first of four wind energy programs to be managed by ARS and funded by ERDA. REA will continue to provide advice and assistance as the programs develop.

REA and its borrowers are working with ERDA and the Federal Energy Administration (FEA) to develop data and guidelines for the use of new load management techniques. Demonstration load control hardware has been installed on REA-financed systems. REA also has been involved in the financing of some types of load control equipment.

REA borrowers continued to increase their fuel procurement activities because of changes in the fuel markets. REA is working with two borrowers to examine the feasibility of installing coal preparation plants at mining locations to reduce freight costs and to improve the combustion characteristics of the coal. These preparation plants, if built, will remove some of the ash and sulphur from coal. The South Mississippi Electric Power Association is in the final stages of investigating a coal wash plant at its mining property in Kentucky, and the Arizona Electric Power Cooperative is beginning a similar study for its New Mexico properties.

In December 1976, as the result of an REA loan, the first interconnection between the eastern and western power grids of the United States was completed at Stegall, Nebraska. This interconnection will enable the Tri-State G&T Association of Colorado and the Basin Electric Power Cooperative of North Dakota to dependably interchange 100 megawatts of electric power and benefit from economies of seasonal power interchange.

ELECTRIFICATION PROGRAM STATISTICS

From 1935 to June 30, 1976, \$10.8 billion in direct and insured electrification loans has been made by REA and an additional \$3.4 billion in commitments to guarantee loans by non-REA lenders has been made by REA. During this period, the percentage of farms with central station electric service has increased from

about 10 percent to 98.6 percent. The demand for new service to non-farm rural consumers continues as residential communities, business, and industry develop in rural areas.

Loan Activity - During fiscal year 1976, 594 insured loans were approved, totaling \$750,000,000. There were 12 commitments approved to guarantee loans made to electrification borrowers by non-REA sources totaling \$1,241,553,000. For fiscal year 1977, it is expected that \$750 million in insured loans and \$3.5 billion in commitments to guarantee loans will be made.

Purpose of Loans Approved - During fiscal year 1976, insured and direct loans amounted to \$531,982,914 for distribution purposes (70.9 percent) and \$218,017,086 for generation and transmission facilities (29.1 percent). The loan guarantee commitments totaling \$1,241,553,000 were made for power supply purposes.

Loan Cancellation - During fiscal year 1976, there was one cancellation of a prior-year loan, for \$158,051.

Fund Advances and Construction Progress

	1976	1977 Estimate
Advances (fiscal year)	\$673,349,494	\$750,000,000
Consumers connected (calendar year, estimate)	275,000	325,000
Miles energized (calendar year, estimate) ...	32,000	34,000
KW generating capacity financed (fiscal year)	2,138,810	4,000,000

Unadvanced loan funds aggregated \$1.0 billion as of June 30, 1976.

Cumulative Repayments

	June 30, 1975	June 30, 1976
Payments:		
Principal (including payments ahead of schedule)	\$2,975,541,554	\$3,163,923,256
Interest	1,659,349,760	1,822,458,784
Payments ahead of schedule	148,165,989	125,602,109
Payments overdue more than 30 days	1,524,416	799,237
Interest and principal lost on two foreclosures	44,478	44,478

Progress of Electrification Program - The cumulative figures presented in Tables I and II show the progress that has been made in the electrification program since its inception.

TELEPHONE PROGRAM

Telephone Loan Guarantee Program - In fiscal year 1975, a telephone loan guarantee program was initiated to supplement the REA telephone and the Rural Telephone Bank programs. Through June 30, 1976, 49 commitments totaling \$381,615,000 have been made. Another \$200,000,000 in commitments is expected to be made during fiscal year 1977. The use of the guarantee authority of Section 306 of the revised RE Act provides flexibility in the source of financing for REA telephone borrowers, as well as allowing a reduction in the backlog of applications which totaled \$690.8 million at June 30, 1976.

TABLE NO. I - ELECTRIFICATION LOANS
(Cumulative Figures)

Date	Total Net Loans All Purposes ^{a/}	Long-Term Supplemental Loans ^{b/}	Loan Guarantee Commitments	Construction Authorized	
				By Total Loans to Date	Consumers Served
1936 - 1962	\$4,680,742,660				
June 30, 1963	5,020,163,286			1,534,551	5,560,708
June 30, 1964	5,280,871,573			1,555,087	5,762,534
June 30, 1965	5,631,572,196			1,572,769	5,929,349
June 30, 1966	5,942,226,055			1,590,628	6,081,076
June 30, 1967	6,292,885,281			1,611,242	6,275,289
June 30, 1968	6,642,684,316	\$ -0-		1,630,939	6,439,948
June 30, 1969	6,985,363,485	62,000,000		1,651,007	6,637,276
June 30, 1970	7,329,418,562	62,000,000		1,660,572	6,737,301
June 30, 1971	7,690,458,056	74,774,000		1,681,825	6,908,440
June 30, 1972	8,128,458,057	243,170,000		1,699,683	7,113,261
June 30, 1973	8,746,398,057	350,408,100	\$ -0-	1,722,866	7,412,054
June 30, 1974	9,364,746,057	884,373,000	974,433,000	1,756,889	7,858,579
June 30, 1975	10,061,663,198	1,049,343,500	2,180,776,000	1,789,464	8,297,824
June 30, 1976	10,814,505,146	1,247,750,000	3,422,329,000	1,826,837	8,691,541
Sept 30, 1977 (Est.)	11,752,005,146	1,487,750,500	7,326,174,000	1,857,872	8,992,150
Sept 30, 1978 (Est.)	12,502,005,146	1,762,750,500	10,826,174,000	1,899,872	9,397,150
				1,935,872	9,772,150

^{a/} Comprised of REA direct and insured loans.

^{b/} Includes commitments for long-term financing from all sources other than REA direct and insured loan and loan guarantee programs.

TABLE NO. II - ELECTRIFICATION CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced to Borrowers a/	Loan Funds Advanced to Borrowers Under Guarantee	Construction Completed b/		Total kWh Sales Annual (Thousands)
			Total Miles Energized	Total Consumers Served	
1936 - 1962	\$3,960,104,248		1,504,228	5,094,953	31,880,133
1963	4,205,858,366		1,526,812	5,237,912	35,357,255
1964	4,451,822,854		1,547,143	5,386,088	39,836,854
1965	4,751,612,288		1,566,772	5,541,478	42,668,054
1966	5,030,390,048		1,586,502	5,652,844	48,439,056
1967	5,339,134,905		1,606,497	5,806,017	52,880,144
1968	5,734,077,563		1,627,445	5,986,140	58,303,933
1969	6,101,157,248		1,650,240	6,196,967	66,421,021
1970	6,463,530,118		1,676,001	6,442,332	76,009,289
1971	6,875,490,883		1,700,348	6,747,698	84,282,836
1972	7,293,974,951		1,732,545	7,076,249	92,534,163
1973	7,748,574,076		1,766,701	7,457,123	100,688,298
1974	8,428,891,321	\$ -0-	1,797,525	7,767,813	105,690,807
1975	9,140,430,790	249,237,000	1,827,896	8,017,654	112,669,814
1976	9,813,780,284	902,438,000	1,859,896	8,292,654	121,120,050
1977 (Est.)	10,728,689,107	2,402,438,000	1,893,896	8,617,654	130,204,054
1978 (Est.)	11,478,689,107	4,902,438,000	1,929,896	8,992,654	139,969,358

a/ Fiscal Year - Includes advances on REA direct and insured loans.

b/ Calendar Year. Last three calendar years shown are estimates.

c/ Excludes energy sales by one REA borrower to another.

Borrowers' Progress and Financial Development - As of December 30, 1975, telephone service was being provided by REA borrowers to 3,045,292 subscribers over 652,884 route miles of line. The average telephone borrower had 761 route miles of line and 3,549 subscribers at the end of calendar year 1975.

Rural telephone borrowers reported total operating revenues of \$753.1 million in calendar year 1975, compared with \$659.7 million in the previous year. Sixty percent of this increase came from net toll revenue which increased 16.3 percent from \$350 million in calendar year 1974 to \$407 million in 1975.

Increased toll usage by rural subscribers can be attributed in large part to the upgrading of service which has been taking place in rural areas. Reducing the number of parties per line encourages use of the telephone for long distance, as well as local calls. Some of the increase in toll revenues is the result of additional ownership of toll line and toll ticketing equipment. The number of borrowers using cost separations rather than "average" toll settlements has also increased the borrowers' share of toll revenues.

The increase in local service revenue of \$34.8 million is due not only to additional subscribers, but also to changing to a higher grade of service, as shown in the following table:

Service	1972	1973	1974	1975
One-party	50.4	54.7	58.8	62.7
Two-party	8.3	7.3	6.8	6.0
Four- and five-party	25.4	24.8	23.8	22.5
Eight- or more-party	15.8	13.1	10.5	8.7

Increase in Net Worth - The average net worth per borrower for both cooperative and commercial organizations has continued its progression upward. As of December 31, 1975, 858 borrowers reported a composite worth of \$779 million, or 22.7 percent of their total assets.

Increase in Net Worth (Telephone)				
As of December 31	Number of Borrowers Reported	Average Net Worth Per Borrower	Ratio to 1966	Percent of Total Assets
1967	811	\$248,059	1.00	15.1
1971	813	494,035	1.99	19.6
1975	858	908,442	3.66	22.7

The investment of telephone borrowers in total plant is increasing rapidly. At the end of 1975, total cumulative plant investment amounted to \$3.85 billion, with a long-term debt balance of \$2.35 billion. This is an increase of over \$400 million in total plant investment over 1974. By 1975, borrowers had invested about \$1.5 billion in their plant facilities, in addition to the replacements they financed, either by principal payments on the long-term debt for the original construction, or by financing plant additions with other than REA funds. As the following table indicates, the dollar amount of the investment of these borrowers in their total telephone plant increased by more than \$709 million in the last four years, with an average borrower plant investment of \$1,747,000.

Borrower Plant Investment (Total Plant Less Long-Term Debt)			
As of December 31	Borrower Plant Investment	Number of Borrowers Reporting	Average Borrower Plant Investment
1971	\$ 789,565,362	813	\$ 971,175
1972	930,213,904	822	1,131,647
1973	1,116,871,673	831	1,344,009
1974	1,292,260,103	848	1,523,891
1975	1,498,960,634	858	1,747,040

REA borrowers continued to extend service to isolated areas, remote energy projects, defense installations, and to people who are miles apart on farms and ranches. An REA loan in June to the new OTZ telephone cooperative in Kotzebue, Alaska, will finance single-party service to 10 villages in a 36,000 square mile area above the Arctic Circle. Because of the harsh climate, telephone communications will be provided by microwave and earth satellite facilities.

In May, the Guam Telephone Authority received an REA loan to provide one-party service to more than 18,000 subscribers on the remote Pacific island. Storm-proof underground cable will replace overhead lines which have been subjected to frequent hurricane and typhoon damage.

REA also expanded the scope of its lending operations by making the first loan to an Indian tribe as well as the first loan to a public corporation. Coincidentally, both "firsts" were to the same organization.

The telephone system serving the Cheyenne River Sioux tribe of Eagle Butte, South Dakota, had for some time been in need of upgrading. A 1971 amendment to the Rural Electrification Act authorized REA to make loans to "public bodies now providing telephone service." The Tribal Authority purchased the ailing company and reorganized its business structure to take advantage of the new provision, and a \$3.2-million REA loan in March will finance all single-party service to about 1,000 subscribers.

Engineering Progress - The level of technological change in the telephone industry is greater now than ever before. REA telephone engineers have been working to implement a program which will change the fundamental design and construction of telephone plants. This program, called Serving Area Value Engineering (SAVE), is intended to provide new and expanded service to telephone subscribers by making optimum use of copper and electronics in order to reduce costs of construction. This concept emphasizes the use of electronics as a way to defer reinforcement with small pair count cables, thereby minimizing future costs.

There have been extensive developments through the SAVE program involving systems engineering, outside plant, transmission, central office, station and protection equipment, and engineering management.

Systems Engineering

In planning telephone system expansion and improvements, there are usually alternatives to accomplishing the same goals. For instance, engineering economy studies deal essentially with money spent in varying amounts at different times, and also determine the relative economy between two or more alternate plans. Annual charge studies and present worth studies are the two major types of economic selection studies.

The annual charge studies with which REA has been concerned in the past assume that all of the proposed actions will occur at essentially the same time and that annual charges will be uniform throughout the entire period being studied. This simple type of study becomes inaccurate if the annual charges are not the same each year, or if alternative actions will not occur at the same time, or the alternative actions will produce subsequent actions which are significantly different.

The Present Worth of Annual Charges (PWAC) type of study is an analytical approach which allows such variations to receive full consideration, and is therefore essential in performing economic analyses of telephone system design and planning. Several borrowers have already submitted PWAC studies which have been completed relative to proposed system expansion and improvement plans. REA is currently preparing for publication information and instructions which will guide and hopefully encourage more borrowers to make this economic analysis approach a prerequisite in their system planning.

REA's continuing emphasis on telephone plant operations and maintenance is being demonstrated through publication of several new sections of the Telephone Operations Manual. One of these, "Quality of Service Evaluation - Guide for an Appraisal," sets objective guides for 30 telephone operating activities.

The quantity and quality of our operations and maintenance assistance to telephone borrowers are improving each year.

During the past several years, REA has encouraged borrowers to combine several direct control telephone switching offices into a single common control office. It follows that the value of the equipment in a common central office will be much greater than any one of the direct central offices. With this concentrated investment there comes a need to update our central office building recommendations. Accordingly, Section 301 of the Telephone Engineering and Construction Manual has been revised to include structural, mechanical, electrical, fire, and surveillance changes that will be compatible with the needs of the new generations of electronic switching systems.

During 1975, REA held five seminars for engineers designing plant for REA telephone borrowers to explain "Value Engineering." This is a systematic way of finding where the greatest potential savings may be. By asking some fundamental questions about each costly item it is often possible to cut costs and still accomplish what was originally intended. Due to accelerating changes in needs and user requirements, we urged the engineers to constantly challenge conventional ways of providing telephone service.

Outside Plant

A comprehensive and coordinated five-point quality assurance program has been implemented with the objective of improving and maintaining a high quality level for telephone wires and cables supplied within the REA program. This program can be summarized as follows: (1) optimization of specification requirements; (2) visits to manufacturing plants; (3) on-site field testing; (4) submission of samples by manufacturers to REA; and (5) submission of samples to REA from the field.

Positive results have already been observed and the response from the wire and cable manufacturers has been very encouraging. The increased emphasis in this program should soon begin to be noticeable in terms of positive results for the users of telephone wire and cable products.

A field trial to evaluate semi-conductive cable jackets has been established at the Yadkin Valley Telephone Membership Corporation, Yadkinville, North Carolina. The purpose of the evaluation is to determine the degree of improvement in lightning protection which may be provided by a semi-conductive jacket on buried

Borrower Plant Investment (Total Plant Less Long-Term Debt)			
As of December 31	Borrower Plant Investment	Number of Borrowers Reporting	Average Borrower Plant Investment
1971	\$ 789,565,362	813	\$ 971,175
1972	930,213,904	822	1,131,647
1973	1,116,871,673	831	1,344,009
1974	1,292,260,103	848	1,523,891
1975	1,498,960,634	858	1,747,040

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cable having a continuously grounded path for the lightning. Two 25-pair, 24-gauge cables will be buried parallel in a common trench. The cables will be identical in all respects except one cable will have a standard polyethylene jacket while the other cable will contain a semi-conductive polyethylene jacket. Sensitive electronic equipment will be used to continuously monitor the number and magnitude of lightning strikes. This will allow a direct comparison of the two cables to determine the added protection provided by the semi-conductive jacket.

A proposed REA Specification has been distributed to the industry for the development of a new bonding/grounding connector and associated harnesses for installation within all buried plant housings used in the REA program. The effective date for the use of the new type bonding connector in buried plant housings will be January 1, 1977. The new type connector will be furnished by the housing manufacturer as a part of the housing and the associated new grounding/bonding harness will be listed on the REA List of Materials. The purpose of this new connector is to upgrade the performance characteristics to equal that achieved with the presently listed cable shield bonding connector.

REA published a corrosion study report on buried telephone cable shielding materials. This report included test results of cable shielding materials which had been tested at six different test sites for a period of six years. An additional corrosion test program is currently being instituted to include accessory items. The planned test will provide for an additional 500 samples of buried plant housings to be exposed in a number of test sites throughout the country.

Transmission

Innovative carrier development continued in 1976. A subscriber carrier system operating on the coaxial cable with a capability of 1,000 channels was placed into service in Wisconsin in January of 1976. A Delta Modulated subscriber carrier system was placed in operation in North Carolina. REA also evaluated improvements in existing lines of equipment.

The cost of electronic equipment continues downward in spite of the effects of inflation on the economy. The REA objective with respect to all electronic equipment is that not only should it be cost competitive with hard wire plant, it should also be more reliable. There was considerable activity in evaluating performance and specification data for electronic equipment.

Although a good portion of subscriber carrier equipment is still of the analog type, the digital type is expected to be the standard equipment of the future and is making significant inroads, particularly into subscriber loop plant. During 1976, the majority of trunk carrier systems added were of the digital type.

The advent of the digital type of radio system has produced interesting applications regarding cost and performance. During 1976, several digital radio systems were installed and provide excellent service. The advantage of digital radio is that it is compatible with the digital carrier multiplex currently available.

There has been a continuing interest by telephone companies in improving performance of their subscriber loop plant with respect to noise interference. With the increased use of electric power, especially along rural electric power lines that parallel telephone lines, telephone lines become susceptible to noise interference. Experience was gained in tracking down noise complaints and REA participated in several workshops, passing on this experience to REA borrowers. Work was completed on revised REA practices on noise isolation and mitigation in subscriber loop plant.

Station Equipment and Protection

REA has been encouraging telephone set manufacturers to develop an electronic telephone which will offer improved performance over the present types currently in use. This requires close cooperation with suppliers to obtain the most suitable telephone for rural telephone applications at a reasonable cost. Several manufacturers are nearing production of these instruments and as soon as they are made available REA will initiate field trials at selected sites to determine their performance and reliability.

Telephones and other station equipment installed on subscribers' premises continue to be the major maintenance expense of REA telephone borrowers. Performance standards along with design improvements are being developed by REA to improve the reliability as well as the performance of station equipment. REA is working with the United States Independent Telephone Association and other organizations to assure that the standards are acceptable to the independent industry and rural telephone systems in particular.

There have been many new developments in the field of electrical protection within the past year. Some of those in which REA has had significant influence include: (1) more effective gas tubes and carbons for the protection of electronic equipment; and (2) development of solid state devices which may replace or supplement carbon blocks and gas tubes in the near future.

REA will be issuing a Private Automatic Branch Exchange (PABX) specification in the very near future. This will provide borrowers with a standard specification for use in purchasing PABX equipment. It is needed because there are numerous different types of PABX's available in today's market. Close coordination and cooperation with the various PABX manufacturers will make this specification a useful tool.

A revised common control central office specification was issued early this year and has become an accepted specification in the industry. This specification has become especially useful at a time when central office switching equipment is in the midst of an extensive evolution. REA is working with the switching manufacturers in this evolution from electro-mechanical systems to electronic. Field trials of the newer, more sophisticated types of electronic switching systems are being conducted in conjunction with the manufacturers.

TELEPHONE PROGRAM STATISTICS

Through June 30, 1976, REA direct and insured telephone loans totaled over \$2.7 billion, and the percentage of farms with telephone service has increased from about 38 percent in 1949 to 90 percent in 1975.

Satisfactory rural telephone service today implies an improved grade of service from the eight-party rural concept of years ago. In keeping with subscriber demand, REA recommends four-party, flat rate rural service as the minimum standard. Because of increasing demand for one-party service in rural areas, REA continues to encourage borrowers to develop systems to meet this demand at reasonable rates.

Loan Activity - During fiscal year 1976, 135 insured loans were approved, totaling \$250,061,000. For fiscal year 1977, it is expected that another \$250 million in insured telephone loans will be made, complemented by a \$160-million loan program by the Rural Telephone Bank and \$200 million in loans made by others and guaranteed by REA.

Rescissions - During fiscal year 1976, there were two rescissions of prior-year loans, totaling \$96,248.

Fund Advances and Construction Progress

	<u>1976</u>	<u>1977 Estimate</u>
Advances (fiscal year)	\$142,863,002	\$225,000,000
Route miles of line constructed or improved (calendar year, estimate)	30,000	32,000
Subscribers receiving new or improved service (calendar year, estimate)	150,000	150,000

Through June 30, 1976, borrowers had received advances under their loan contracts totaling \$2,284,760,323. Total REA telephone and Rural Telephone Bank loans approved provide for construction and improvement of 742,225 miles of line and new or improved dial service to 3,842,606 subscribers.

Cumulative Repayments

	<u>June 30, 1975</u>	<u>June 30, 1976</u>
Payments:		
Principal (including payments ahead of schedule)	\$460,054,837	\$512,213,676
Interest	337,455,026	374,871,591
Payments ahead of schedule	19,958,051	19,368,443
Payments overdue more than 30 days	328,217	76,246

PROGRESS OF REA AND RTB TELEPHONE PROGRAMS

The cumulative figures presented in the following Tables I and II show the progress that has been made in the REA and RTB telephone programs since their inception.

TABLE NO. I - TELEPHONE LOANS
(Cumulative Figures)

Date	Total Net Loans a/	Telephone Bank Net Loans	Loan Guarantee Commitments	Construction Authorized	
				By Total Loans to Date	Route Miles of Line : Subscribers to
				To Be Constructed	To Receive New or
				or Improved	Improved Service
1950 - 1962	\$ 909,035,087			442,063	1,753,463
June 30, 1963	990,992,987			469,805	1,859,873
June 30, 1964	1,078,444,387			492,700	1,964,601
June 30, 1965	1,167,902,734			511,956	2,043,900
June 30, 1966	1,266,041,761			519,156	2,116,895
June 30, 1967	1,380,557,341			534,200	2,202,030
June 30, 1968	1,499,674,227			545,493	2,271,874
June 30, 1969	1,623,413,120			552,927	2,364,493
June 30, 1970	1,746,578,450			564,771	2,450,421
June 30, 1971	1,870,028,433			579,233	2,543,516
June 30, 1972	2,002,536,718	\$ 90,954,800		596,119	2,698,337
June 30, 1973	2,147,368,193	240,913,490		616,274	2,854,530
June 30, 1974	2,287,396,227	397,344,290	\$ -0-	636,755	3,026,688
June 30, 1975	2,487,335,227	557,532,080	200,000,000	693,064	3,494,543
June 30, 1976	2,737,299,979	737,202,830	381,615,000	742,225	3,842,606
Sept 30, 1977 (Est.)..	3,049,673,671	923,476,823	593,873,000	792,225	4,279,606
Sept 30, 1978 (Est.)..	3,299,673,671	1,083,476,823	793,873,000	842,225	4,629,606

a/ Comprised of REA direct and insured loans.

TABLE NO. II - TELEPHONE CONSTRUCTION
(Cumulative Figures)

Date	Loan Funds Advanced To Borrowers a/	Telephone Bank Loan Funds Advanced To Borrowers b/	Loan Funds Advanced To Borrowers Under Guarantee b/	Construction Completed c/ d/	
				Route Miles of Line : Constructed : or Improved :	Subscribers Receiving New or Improved Service :
1950 - 1962	\$ 706,563,875			383,701	1,419,892
1963	792,465,840			414,271	1,523,406
1964	876,695,138			431,475	1,626,590
1965	957,487,449			460,141	1,726,359
1966	1,039,691,323			482,005	1,825,861
1967	1,142,941,570			499,179	1,944,334
1968	1,242,998,913			533,559	2,067,025
1969	1,348,878,422			554,190	2,184,575
1970	1,484,279,069			547,322	2,334,511
1971	1,621,729,749			568,051	2,428,868
1972	1,754,097,487	\$ 587,923		583,922	2,574,814
1973	1,876,472,536	45,642,259		603,747	2,725,030
1974	1,998,530,418	144,350,892	\$ -0-	627,483	2,919,113
1975	2,141,897,321	274,228,758	5,528,683	652,884	3,045,292
1976	2,284,760,323	387,163,911	45,588,544	682,884	3,195,292
1977 (Est.)	2,552,993,227	525,137,191	120,538,544	717,884	3,365,292
1978 (Est.)	2,802,993,227	655,137,101	230,588,544	752,884	3,535,292

a/ Fiscal Year - Includes advances on REA direct and insured loans.

b/ Fiscal Year.

c/ Calendar Year.

d/ Excludes borrowers who have received REA loans, RTB loans, and REA loan guarantee commitments totaling less than 20% of total assets.

DEPARTMENT OF AGRICULTURE
RURAL ELECTRIFICATION ADMINISTRATION

Rural Telephone Bank

	<u>Appropriation</u>	<u>Estimated Obligations</u>	<u>Other Authorizations (Borrowing Authority) ^{a/}</u>
Appropriation Act, 1977	\$30,000,000	\$178,036,000	\$106,424,000
Department Estimate, 1978	<u>30,000,000</u>	<u>183,321,000</u>	<u>94,934,000</u>
Change	<u>---</u>	<u>+5,285,000</u>	<u>-11,490,000</u>

^{a/} Reflects estimated borrowing authority encumbered.

SUMMARY OF INCREASES AND DECREASES
(On basis of obligations)

	<u>1977 Estimate</u>	<u>Program Changes</u>	<u>1978 Estimate</u>
Operating Costs:			
Administrative expenses	\$ 75,000	---	\$ 75,000
Interest expenses	17,961,000	+\$5,258,000	23,219,000
Dividends	---	+27,000	27,000
Maximum loan authority	<u>160,000,000</u>	<u>---</u>	<u>160,000,000</u>
Total available	<u>178,036,000</u>	<u>+5,285,000</u>	<u>183,321,000</u>

PROJECT STATEMENT
(On basis of obligations)

	<u>1976 Actual</u>	<u>1977 Estimate</u>	<u>Increase or Decrease</u>	<u>1978 Estimate</u>
1. Operating Costs:				
(a) Administrative				
expense	\$ 206,607	\$ 75,000	---	\$ 75,000
(b) Interest expense	12,231,337	17,961,000	+\$5,258,000 (1)	23,219,000
2. Dividends	27,250	---	+27,000 (2)	27,000
3. Loans	180,058,200	160,000,000	---	160,000,000
Total obligations	<u>192,523,394</u>	<u>178,036,000</u>	<u>+5,285,000</u>	<u>183,321,000</u>

EXPLANATION OF RURAL TELEPHONE BANK PROGRAM

Public Law 92-12, approved May 7, 1971, amended the Rural Electrification Act of 1936, as amended, to establish the Rural Telephone Bank as a supplemental source of financing the Rural Telephone Program. The Act, as amended, permits the Secretary of the Treasury to purchase the Bank's debentures. This minimizes REA borrowing costs and helps avoid cash-flow problems associated with obtaining funds on the money market. Public Law 93-32, approved May 11, 1973, further amended the Act to increase the Bank's borrowing authority from eight to 20 times its paid-in-capital and retained earnings, and to eliminate the heretofore required disclaimer of any government guarantees on debentures issued by the Bank. This Act also provides that the Bank charge a single interest rate based on the average cost of money to the Bank, but not less than five percent per annum. The current rate of interest charged is seven percent.

Budget Authority

Equity capital of the Bank consists of Class A stock purchased by the United States; Class B and C stock purchased by Bank borrowers, organizations eligible to become borrowers, and organizations controlled by borrowers; and retained earnings. The maximum budget authority of the Bank is related to its borrowing authority, which is limited to 20 times its paid-in-capital and retained earnings. Fiscal year 1977 total budget authority available for the Bank is estimated at \$4.5 billion, comprised of \$1.0 billion in new budget authority and \$3.5 billion in unobligated authority brought forward. In 1978, budget authority is calculated at \$5.6 billion, consisting of \$1.2 billion in new budget authority and \$4.4 billion in authority carried over from prior years.

Highlights of Operation

The Rural Telephone Bank made loans to 86 borrowers totaling \$180,058,200 in fiscal year 1976, at a weighted average interest rate of 7.21 percent. From inception about five years ago, loans to 366 borrowers have been made, totaling \$763,476,823, at a weighted average interest rate of 6.92 percent.

The Bank's net income from July 1, 1975, to September 30, 1976, amounted to \$11,863,300; after making provision for a return of \$3,705,654 on Class A stock held by the government, a balance of \$8,157,646 was available for patronage refunds, dividends, and retained earnings. Assets of the Bank totaled \$406,487,537 as of September 30, 1976, and liabilities \$204,697,051. The Bank has invested some of the proceeds from the sale of Class B and C stock in United States securities; interest on these investments amounted to \$502,231.

PROGRAM STATISTICS (Dollars in thousands)

	1976 <u>Actual</u>	TQ <u>Actual</u>	1977 <u>Estimate</u>	1978 <u>Estimate</u>
Cumulative net loans	\$737,203	\$763,477	\$923,477	\$1,083,477
Cumulative loan funds, advanced	\$387,164	\$405,137	\$525,137	\$655,137
Unadvanced loan funds, end of year ...	\$350,039	\$358,340	\$398,340	\$428,340
Cumulative principal repaid	\$4,646	\$5,800	\$9,358	\$14,300
Cumulative interest paid	\$38,324	\$44,641	\$78,851	\$127,398
Number of borrowers	361	366	400	440

JUSTIFICATION OF INCREASES AND DECREASES

The 1978 budget proposes no change in the loan program. Continuation of the current 1977 level of \$160 million should provide the funding necessary to adequately meet borrower needs and further reduce the application backlog.

(1) An increase of \$5,258,000 for operating costs (interest expense) (\$17,961,000 available in 1977): Public Law 92-324, approved June 30, 1972, amended the Rural Electrification Act of 1936, as amended, to permit the Secretary of the Treasury to purchase the Bank's debentures. The increase in operating expenses represents interest paid to the Treasury by the Bank. In fiscal year 1976 and the Transition Quarter, the Bank borrowed \$68.7 million from the Treasury, and it is estimated that it will require an additional \$67.6 million in 1977 and \$66.0 million in 1978 in order to make required advances to borrowers, a cumulative total of \$334.3 million.

(2) An increase of \$27,000 for dividends: The dividends to be paid in 1978 are related to the operation of the Bank in 1977. Dividends from operation of the Bank in 1976 were paid in the transition quarter. The transition quarter was not a full year of operation so no dividends are going to be paid in 1977, resulting in the increase of \$27,000 in 1978 as compared to 1977.

The following tables show total budget authority, estimated obligations, and balances carried forward:

	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
Budget Authority:				
Appropriation for purchase of Class A stock	\$ 30,000	\$ 7,500	\$ 30,000	\$ 30,000
Borrowing Authority (P&F Schedule)	59,318	9,345	106,424	94,934
New Budget Authority	89,318	16,845	136,424	124,934
Budget Authority carried over from prior year	2,616,889	2,541,300	---	---
Adjustment to accurately report budget authority as the annual net financing requirement of the revolving fund	---	-2,535,510	---	---
Total Budget Authority	2,706,207 ^{1/}	22,635 ^{1/}	136,424	124,934
Other funds available	30,531	8,700	45,259	62,631
Less return on Class A stock	-2,914	-791	-3,647	-4,244
Total budgetary resources	2,733,824	30,544	178,036	183,321
Less:				
Loans approved	180,058	26,544	160,000	160,000
Expenses and C stock dividends ..	12,465	4,000	18,036	23,321
Total	192,523	30,544	178,036	183,321
Balance carried forward to next year	2,541,300	---	---	---

^{1/} Includes use of \$75,589 thousand in 1976 and \$5,790 thousand in the TQ of Budget Authority carried over from prior period.

Note: Totals may not add due to rounding.

Borrowing Authority
(Dollars in thousands)

	<u>1976</u> <u>Actual</u>	<u>TQ</u> <u>Actual</u>	<u>1977</u> <u>Estimate</u>	<u>1978</u> <u>Estimate</u>
Available start of period	\$2,616,889	\$3,296,603	\$3,480,374	\$4,369,570
Increase ^{1/}	+814,621	+198,906	+995,620	+1,196,380
Encumbered	<u>-134,907</u>	<u>-15,135</u>	<u>-106,424</u>	<u>-94,934</u>
Available end of period	3,296,603	3,480,374	4,369,570	5,471,016
 ^{1/} Computed in accordance with Section 407 of the Rural Electrification Act of 1936 as amended:				
A Stock	30,000	7,500	30,000	30,000
B Stock	5,677	2,842	6,000	10,044
C Stock	1	—	—	—
Retained earnings	<u>5,053</u>	<u>-397</u>	<u>13,781</u>	<u>19,775</u>
Total	40,731	9,945	49,781	59,819
Statutory borrowing authority rate	<u>x20</u>	<u>x20</u>	<u>x20</u>	<u>x20</u>
Maximum borrowing authority during period	<u>814,621</u>	<u>198,906</u>	<u>995,620</u>	<u>1,196,380</u>

Note: Totals may not add due to rounding.

STATUS OF PROGRAM

The Rural Telephone Bank was established May 7, 1971, when Public Law 92-12 was enacted, amending the Rural Electrification Act of 1936, as amended. The bank supplements the REA telephone loan program in providing rural telephone systems with capital for furnishing and improving telephone service in rural areas.

Lending Activity - During fiscal year 1976, the Rural Telephone Bank approved 86 loans, totaling \$180,058,200, and 14 loans totaling \$26,544,000 during the Transition Quarter. From the bank's inception in May 1971 through September 30, 1976, loans to 366 borrowers have been approved, totaling \$763,476,823 with a composite interest rate of 6.92 percent.

Sale of Stock - The government purchased \$30 million of Class A stock of the bank during fiscal year 1976, and another \$7.5 million during the Transition Quarter, bringing the cumulative total of Class A stock purchases to \$157.5 million. Bank borrowers purchased \$5,677,217 in Class B stock during fiscal year 1976, and \$2,841,897 during the Transition Quarter, bringing the cumulative total through September 30, 1976, to \$29,818,310. Class C stock sales amounted to \$1,000 during fiscal year 1976, bringing the cumulative total through September 30, 1976, to \$546,000.

Increase in Retained Earnings - Retained earnings on July 1, 1975 totaled \$9,269,926. In July 1975, after the payment of dividends on Class C stock, the issuance of Class B stock as a patronage refund, retained earnings were reduced by \$3,501,396. During fiscal year 1976, and the Transition Quarter, interest income totaled \$28,477,580, of which \$27,975,349 was from loans and \$502,231 from investments. Expenses incurred amounted to \$16,614,280 for interest on funds borrowed from the U.S. Treasury, directors' fees and travel, GAO audit, provision for possible losses, supplies, postage and miscellaneous expenses. After deducting these costs from total income, the net income amounted to \$11,863,300. After deducting the return on Class A stock of \$3,705,654, the balance of net income amounted to \$8,157,646. Retained earnings were thus increased by \$4,656,250 to \$13,926,176.

Management of the Rural Telephone Bank - The management of the telephone bank is vested in a board of directors consisting of 13 members. Two of the members, the REA Administrator and the Governor of the Farm Credit Administration, are designated in the legislation establishing the bank. Of the other 11 members, five are appointed by the President and six are elected by bank borrowers.

General Administration - Operations of the telephone bank are being carried out by REA field and Washington employees and employees of the Office of the General Counsel. This has enabled the bank to hold its administrative expenses to a minimum.

The bank has been able to apply most of the established REA policies and procedures relating to REA telephone loan planning and processing. REA engineering standards and specifications, construction requirements, management techniques, and loan policies generally apply to bank loans.

Salaries and Expenses

Appropriation Act, 1977	\$21,350,000
Budget Estimate, 1978	22,567,000
Increase in Appropriation	<u>+1,217,000</u>

Adjustments in 1977:

Appropriation Act, 1977	\$21,350,000	
1977 Supplemental Appropriation for pay costs .	949,000	
Adjusted base for 1978		22,299,000
Budget Estimate		<u>22,567,000</u>
Increase over adjusted 1977 base		<u>+268,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1977</u> <u>Estimate</u>	<u>Increases</u>	<u>1978</u> <u>Estimate</u>
Annualization of 1977 pay cost increases	\$ 949,000	+\$ 22,000	\$ 971,000
Working Capital Fund services	(549,000)	+52,000	52,000
GSA space costs	776,000	+94,000	870,000
Within-grade salary increases...	---	+100,000	100,000
All other	<u>20,574,000</u>	---	<u>20,574,000</u>
	<u>22,299,000</u>	<u>+268,000</u>	<u>22,567,000</u>

PROJECT STATEMENT
(on basis of adjusted appropriation)

	: 1976 : Actual	: 1977 : Estimate	: Increase	: 1978 : Estimate
1. <u>Administration of rural electrification program:</u>				
(a) Lending and management activities	\$ 5,924,658	\$ 6,335,000	+\$72,000	\$ 6,407,000
(b) Engineering activities	<u>4,926,543</u>	<u>5,268,000</u>	<u>60,000</u>	<u>5,328,000</u>
Total administration of electrification program	<u>10,851,201</u>	<u>11,603,000</u>	<u>+132,000</u>	<u>11,735,000</u>
2. <u>Administration of rural telephone program:</u>				
(a) Lending and management activities	5,081,605	5,601,000	+73,000	5,674,000
(b) Engineering activities	<u>4,620,888</u>	<u>5,095,000</u>	<u>+63,000</u>	<u>5,158,000</u>
Total administration of telephone program	<u>9,702,493</u>	<u>10,696,000</u>	<u>+136,000</u>	<u>10,832,000</u>
Total	20,553,694	22,299,000	+268,000	22,567,000
Unobligated balance	159,306	---	---	---
Total available or estimated	<u>20,713,000</u>	<u>22,299,000</u>	<u>+268,000</u>	<u>22,567,000</u>
Proposed supplemental for increased pay costs	---	-949,000		
Total appropriation	<u>20,713,000</u>	<u>21,350,000</u>		

EXPLANATION OF PROGRAM

The appropriation "Salaries and Expenses" of the Rural Electrification Administration funds the activities authorized by the Rural Electrification Act, as amended. The Act, as amended, authorizes REA to provide to qualified electric and telephone organizations capital through insured loans and guarantees of loans by other lenders for the purpose of providing rural areas electric and telephone service comparable in reliability and quality to the service provided the rest of the Nation. In support of this program the REA staff furnishes management and technical assistance to borrowers for the purpose of protecting the government's loan security, to assure that construction and operation of borrowers' systems conform to approved standards, and that the electric and telephone systems will continue providing reliable electric and telephone service on an area coverage basis.

Applications, Loans, and Requisitions for Advances
(Dollars in thousands)

	<u>Fiscal Year 1976</u>		<u>Fiscal Year 1977</u>		<u>Fiscal Year 1978</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
<u>Electric Program</u>						
Applications received ..	663	\$4,136,086	650	\$4,100,000	665	\$4,185,000
Applications on hand, end of year	410	3,042,986	423	3,552,659	461	3,287,659
Insured loans approved .	594	750,000	600	750,000	600	750,000
Loan guarantee commitments	12	1,241,553	27	3,500,000	27	3,500,000
Advances processed	2,639	673,349	3,000	750,000	3,000	750,000
<u>Telephone Program 1/</u>						
Applications received -						
New borrowers	25	182,500	25	125,000	36	180,000
Existing borrowers ...	156	264,652	2/ 150	300,000	204	420,000 2/
Applications on hand -						
New borrowers	42	199,159	30	150,000	30	150,000
Existing borrowers ...	215	491,594	161	306,582	179	296,582
Insured loans approved -						
New borrowers	20	72,417	20	40,000	20	40,000
Existing borrowers ...	115	177,644	115	210,062	115	210,000
RTB loans approved -						
New borrowers	42	68,269	35	53,000	35	52,000
Existing borrowers ...	44	111,789	35	107,000	35	108,000
Loan guarantee commitments	14	181,615	17	200,000	17	200,000
Advances processed -						
REA borrowers	1,107	142,863	1,500	225,000	1,650	250,000
RTB borrowers	647	112,935	775	120,000	840	130,000

1/ Processing applications and advances to "new" borrowers requires more processing time than loans to "existing" borrowers.

2/ Fiscal years 1976 and 1978 each include \$100 million of the \$400-million application received from Puerto Rico.

JUSTIFICATION OF INCREASES AND DECREASES

(1) An increase of \$268,000 for administration of rural electrification and telephone programs consisting of:

- (a) An increase of \$22,000 for annualization of pay increases effective in FY 1977.
- (b) An increase of \$52,000 for Working Capital Fund services.
- (c) An increase of \$94,000 for space rental costs pursuant to P.L. 92-313.
- (d) An increase of \$100,000 for within-grade salary increases.

Need for Increase. In any year, nearly all employees in grade steps one through three will receive a within-grade; one-half of those in steps four through six will receive one; and one-third in steps seven through nine will receive one. In fiscal year 1978 this is expected to increase salary costs a total of \$294,000.

Plan of Work. REA will absorb the majority of this cost in 1978 through savings associated with employment turnover, leaving approximately \$100,000 still unfunded for within-grade increases.

FARMERS HOME ADMINISTRATION

Purpose Statement

The Farmers Home Administration was established November 1, 1946, by the Farmers Home Administration Act of 1946. The following description of Farmers Home Administration's program activities includes recent changes or expansions in previous programs.

FARMER PROGRAMS:

Farm ownership loans - are made to borrowers who cannot obtain credit elsewhere to improve or purchase farms, refinance debts, finance nonfarm enterprises or make additions to farms (5 percent interest, up to 40 years to repay).

Operating loans - this program provides short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere (at 8 percent interest, repayment period not to exceed 7 years, but may be renewed for not more than 5 additional years).

Emergency loans - these loans are made to farmers in Presidentially or Secretari-ally designated disaster areas to restore production. Made at 5 percent interest for actual losses and a market rate of interest for more than actual losses, and for the same general purposes as operating loans.

Emergency livestock loans - this program provides temporary emergency financing through guaranteed loans to bona fide farmers and ranchers who are primarily and directly engaged in livestock operations. Loan terms are agreed upon between the borrower and the lender.

Soil and water loans - loans are made to associations, farmers, ranchers and non-operator owners for land and water development, use and conservation. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Grazing loans - these loans are generally made to associations of 3 or more ranchers for the purchase of grazing land to permit expansion of herds. Terms are 5 percent interest and 40-year repayment.

Indian tribe land acquisition loans - loans are made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservation or Alaskan Indian community, as determined by the Secretary of the Interior. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Recreation loans - loans are made to farmers and ranchers for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm income and permit carrying on sound and successful operations. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

HOUSING PROGRAMS:

Subsidized housing loans - these loans are made to repair or purchase new or existing individual housing. Families having an adjusted family income of below \$10,000 and meeting certain other criteria may qualify for interest rates as low as 1 percent. Loans are repayable over a 33-year period.

Unsubsidized housing loans - Insured or guaranteed loans are made to repair or purchase new or existing individual housing in rural areas for persons of moderate income and low income persons who do not qualify for subsidized credit. The interest rate is 8 percent and the term of repayment is 33 years.

Rural rental and cooperative housing loans - insured loans are made to individuals, corporations, associations, state or local public agencies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low or moderate income in rural areas. These loans are repayable in not more than 40 years, except for loans for senior citizen housing which may be 50 years, and bear interest in fiscal year 1976 at 9 percent with provisions for interest reductions under certain circumstances. These loans, with the exception of loans to state or local public agencies, are made only if the need for necessary housing cannot be met with financial assistance from other sources.

Very low-income housing repair loans - direct repair and improvement loans up to \$5,000 are made at one percent interest for not more than 20 years only to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings in order to make them safe and sanitary or to remove health hazards to the families or the community.

Very low-income housing repair grants - repair and improvement grants up to \$5,000 are made to very low-income homeowners who are unable to repay a loan, to make necessary repairs to their dwellings in order to make them safe and remove health hazards to the families or the community.

Farm labor housing loans - insured loans are made to a farmer owner, to a public or private nonprofit organization, or to a nonprofit organization of farmworkers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent. Loans to organizations may be made simultaneously with farm labor housing grants.

Farm labor housing grants - grants can be made to public or broad-based private nonprofit organizations, State or political subdivisions, or nonprofit organizations of farmworkers within a State for domestic farm labor. Grant assistance, not to exceed 90 percent of the total development costs, is provided for new structure or rehabilitation of existing buildings suitable for dwelling use by domestic farm labor. Funds also may be used for essential related facilities such as dining halls, community rooms or buildings, infirmaries or other essential services, including basic household furnishings. These grants may be made simultaneously with farm labor housing loans.

Site development loans - are made for purchase and development of land to be subdivided into building sites and sold on a nonprofit basis to low income families or to organizations for rental or cooperative housing. Insured loans are made at 8.0 percent interest in fiscal year 1977 for a two-year period.

Mobile home park loans - insured loans can be made to provide financing of mobile home sites which meet minimum property standards to assure livability and durability of a mobile home for low to moderate income families.

Mutual and self-help housing grants - these grants are especially designed to aid the development of mutual or self-help housing programs under which groups of families build their own homes by mutually exchanging labor. Grants are used to provide technical and supervisory assistance to families who build their homes by the self-help method.

Self-help site development loans - direct site loans are made at 3 percent interest for a two-year period to develop building sites for sale in connection with self-help projects.

COMMUNITY PROGRAMS:

Community facilities loans - loans are authorized to public, quasi-public, and nonprofit associations and to certain Indian tribes for essential community facilities including necessary related equipment. Loans are repayable in not more than 40 years and bear interest not in excess of 5 percent.

Water and waste disposal loans - loans are authorized to public, quasi-public, and nonprofit associations and to certain Indian tribes primarily for replacement or up-grading of water systems, waste disposal systems, or for combined purposes. These loans are made at 5 percent interest for 40 years.

Water and waste disposal grants - development grants are authorized to be made to public or quasi-public agencies for the development, storage, treatment, purification, and distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may not exceed 50 percent of the development cost of the projects and supplement other funds borrowed or furnished by applicants to pay development costs.

Rural industrialization loans - loans are authorized to public, private, or cooperative associations organized for profit or nonprofit, to certain Indian tribes or tribal groups, or to individuals for the purpose of improving, developing, or financing business, industry, and employment and improving the economic and environmental climate in rural communities. These loans are made at 9.25 percent if insured and at rates agreed upon by borrower and lender if guaranteed.

Rural development grants - made to public bodies for the development of industrial facilities including land, buildings, equipment, and supporting facilities.

Watershed works of improvement and flood prevention loans - made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for installing, repairing, or improving works of improvement and water storage facilities, purchasing sites of rights-of-way, and for related costs. These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1977 fiscal year is 5.683 percent. Total loans outstanding on any one project may not exceed \$5,000,000.

Resource conservation and development loans - are made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations and individuals for planned conservation measures and works of improvement as specified in approved work plans. These loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1977 fiscal year is 5.683 percent.

General - In fiscal year 1977, the budgeted lending program will be comprised of insured loans, except for business and industrial, and temporary emergency livestock loan guarantees, direct loans for very low-income housing repair, and guaranteed moderate-income housing loans. The term "insured" is defined as loans made from the revolving funds, which are held in a pool as security for certificates of beneficial ownership sold to investors. The purchaser's investment is fully insured by the Government against any loss of either principal or interest. FmHA performs all collection and servicing functions in connection with the loans. The Rural Development Act of 1972 authorized financial assistance to be provided to borrowers by guaranteeing loans made by a Federal or State chartered bank, savings and loan association, cooperative lending agency, or other legally organized lending agency. The term "guarantee" is defined as "to guarantee the payment of a loan originated, held, and serviced by a private financial agency or other lender approved by the Secretary." Technical guidance in planning and carrying out sound operations is provided borrowers on the basis of their individual

problems and needs. No loan is made to anyone who can secure adequate credit from other sources at reasonable rates, except for rural industrialization loans. A local county or area committee is generally required to certify each applicant and each loan or grant.

On October 1, 1976, FmHA was servicing the accounts of about 1,013,000 individual borrowers and 11,985 association borrowers serving approximately 4,872,000 families, excluding those benefiting from watershed loans, with principal indebtedness of \$19,345,108,000. Under the program direction of the Washington headquarters, the service was provided through 42 State Offices, A National Finance Office in St. Louis, Missouri, and approximately 1,760 county offices utilizing the services of about 2,900 supervisors and 6,000 local committeemen.

Available Funds and Man-Years, 1976 and Estimated 1977 and 1978

(Note: The following table reflects loan authorization and obligations under revolving funds, appropriations, and transfers from other agencies.)

Item	Actual 1976		Estimated Available 1977		Budget Estimate 1978	
	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years
<u>Farmers Home Administration:</u>						
Rural housing insurance fund:						
Direct housing loans	\$20,000,000	--	\$15,000,000	--	\$15,000,000	--
Permanent appropriation for insufficiencies on participation sales	--	--	188,000	--	447,000	--
Reimbursement for premium interest to investors						
and other loans	122,000,000	--	175,429,000	--	327,402,000	--
Subtotal, rural housing insurance fund	142,000,000	--	190,617,000	--	342,849,000	--
Agricultural credit insurance fund	169,214,000	--	141,189,000	--	164,735,000	--
Rural development insurance fund:						
Direct appropriation	25,214,000	--	47,484,000	--	75,547,000	--
Permanent authority to spend public debt receipts	120,556,000	--	126,301,000	--	93,547,000	--
Subtotal, rural development insurance fund	145,770,000	--	173,785,000	--	169,094,000	--
Rural water and waste disposal grants	250,000,000 ^{a/}	--	200,000,000 ^{b/}	--	50,000,000	--
Rural development grants ..	11,875,000	--	10,000,000	--	--	--
Rural community fire protection grants	3,500,000	--	3,500,000	--	--	--
Rural housing for domestic farm labor	7,500,000	--	7,500,000	--	--	--
Mutual and self-help housing grants	9,000,000 ^{c/}	--	9,000,000 ^{d/}	--	--	--
Very low income housing repair grants	--	--	5,000,000	--	--	--
Salaries and Expenses:						
Direct appropriation	155,102,000)	175,836,000)	181,684,000)
Transfer from ACIF	500,000)7,938	500,000)8,764	500,000)8,718
Transfer from RHIF	--)	3,000,000)	3,000,000)
Subtotal, salaries and expenses	155,602,000	7,938	179,336,000	8,764	185,184,000	8,718
Total	894,461,000	7,938	919,927,000	8,764	911,862,000	8,718
Other obligations under Farmers Home Administration accounts:						
Agricultural credit insurance fund (emergency loan administrative funds) ...	9,022,323	550	7,026,000	390	7,547,000	420
<u>Obligations under other</u>						
<u>USDA appropriations:</u>						
Soil Conservation Service:						
Watershed protection and flood prevention	540,000	33	555,000	33	555,000	33
Resource conservation and development	199,000	12	207,000	12	207,000	12
Total, Soil Conservation Service	739,000	45	762,000	45	762,000	45
Total, Agriculture Appropriations ^{e/}	904,222,323	8,533	927,715,000	9,199	920,171,000	9,183

Available Funds and Man-Years, 1976 and Estimated 1977 and 1978 - Continued

Item	Actual		Estimated		Budget Estimate	
	1976		Available 1977		1978	
	Amount	Man- Years	Amount	Man- Years	Amount	Man- Years
Other Federal Funds:						
Other program funds from:						
Federal sources	20,137,949	--	25,000,000	--	25,000,000	--
Other administrative funds:						
from Federal sources	415,076	22	414,000	21	414,000	20
Total, Other funds	20,553,025	22	25,414,000	21	25,414,000	20
Total, Farmers Home						
Administration	924,775,348	8,555	953,129,000	9,220	945,585,000	9,203

	1976 <u>Actual</u>	1977 <u>Estimated</u>	1978 <u>Estimated</u>
End-of-year Employment:			
Permanent full-time	6,797	7,400	7,300
Other	3,407	3,135	3,200
Total	<u>10,204</u>	<u>10,535</u>	<u>10,500</u>

a/ In addition, \$849,191 of unobligated balances from prior-year appropriations was available in 1976.

b/ In addition, \$66,751,867 of unobligated balances is available in 1977.

c/ In addition, \$981,299 of unobligated balances from prior-year appropriations was available in 1976.

d/ In addition, \$6,385,687 of unobligated balances is available in 1977.

e/ Excludes insured and guaranteed loans as follows:

	1976 <u>Actual</u>	1977 <u>Estimated</u>	1978 <u>Estimated</u>
Agricultural Credit Insurance			
Fund	1,826,770,400	1,622,000,000	1,741,616,000
Rural Housing Insurance Fund ...	2,519,046,174	3,696,000,000	3,696,000,000
Rural Development Insurance			
Fund	887,006,275	1,150,000,000	1,150,000,000
Total, Loans	<u>5,232,822,849</u>	<u>6,468,000,000</u>	<u>6,587,616,000</u>

FARMERS HOME ADMINISTRATION

Obligations for All Loan and Grant Programs
(Dollars in Thousands)

Type of Loan	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
Agricultural Credit Insurance Fund:				
Farm ownership loans	\$ 435,005	\$ 129,080	\$ 450,000	\$ 450,000
Farm operating loans	539,217	76,876	625,000	625,000
Recreation loans to individuals ...	1,167	605	2,000	1,000
Emergency loans	477,712	41,503	100,000	200,000
Emergency livestock loans	331,100	94,436	350,000	371,616
Soil and water loans to individuals	32,562	18,508	48,000	48,000
Association loans:				
Irrigation and drainage	1,000	3,830	6,000	5,000
Grazing	3,988	1,007	4,000	4,000
Indian Tribe land acquisition ...	3,148	9,000	10,000	10,000
Soil Conservation Service Loans:				
Watershed protection loans	758	6,099	23,000	23,000
Flood prevention loans	20	--	400	400
Resource conservation and development loans	1,092	1,464	3,600	3,600
Subtotal, Agricultural Credit Insurance Fund	1,826,770	382,407	1,622,000	1,741,616
Rural Housing Insurance Fund:				
Low-Income Housing Assistance:				
Subsidized Loans:				
Repair loans (Section 504)	5,937	2,351	15,000	15,000
General purpose loans (Section 502)	1,355,823	356,508	1,550,000	1,481,000
Domestic farm labor loans (Section 514)	584	9,532	10,000	10,000
Rental or cooperative loans (Section 515)	198,245	234,520	463,000	510,000
Unsubsidized Loans:				
General purpose loans (Section 502)	80,000	58,400	111,000	120,000
Site loans (Section 524)	375	--	2,000	2,000
Moderate-Income Housing Assistance:				
Unsubsidized Loans:				
General purpose loans (Section 502)	850,812	198,382	1,476,000	1,421,000
Rental or cooperative loans (Section 515)	32,957	34,261	82,000	90,000
Site loans (Section 524)	250	--	1,000	1,000
Mobile home park loans	--	--	1,000	1,000
Subtotal, Rural Housing Insurance Fund	2,524,984	893,954	3,711,000	3,711,000
Rural Development Insurance Fund:				
Water and waste disposal loans	442,642	144,857	600,000	600,000
Community facility loans	170,201	79,795	200,000	200,000
Business and industrial loans	274,164	163,335	350,000	350,000
Subtotal, Rural Development Insurance Fund	887,006	387,987	1,150,000	1,150,000
Self-Help Housing Land Development Fund:				
Mutual and self-help housing site loans	--	565	880	--
TOTAL LOANS	5,238,760	1,664,913	6,483,880	6,602,616

Obligations for All Loan and Grant Programs - Continued

	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
<u>Type of Grant</u>				
Rural Water and Waste Disposal Grants:				
Community facilities - water and				
waste disposal grants	\$ 146,888	\$ 76,894	\$ 266,752	\$ 50,000
Rural Development Grants:				
Business and industrial grants	7,550	7,288	10,000	--
Rural Housing for Domestic Farm Labor:				
Domestic farm labor housing grants	--	10,730	7,500	--
Mutual and Self-Help Housing:				
Mutual and self-help housing grants	604	5,486	15,386	--
Very Low-Income Housing Repair Grants	--	--	5,000	--
Appalachian Regional Commission				
Grants	11,493	9,001	19,480	20,000
Department of Commerce Grants	5,273	2,373	5,000	5,000
Department of Army Grants	501	--	--	--
Emergency Job Grants	2,871	--	--	--
Department of Navy Grants	--	--	70	--
Economic Development Administration				
Grants	--	335	450	--
TOTAL GRANTS <u>1/</u>	175,180	112,106	329,638	75,000
GRAND TOTAL, LOANS AND GRANTS	5,413,940	1,777,019	6,813,518	6,677,616

1/ Excludes Rural Community Fire Protection grants administered by the Forest Service, as follows: 1976 - \$3,133,617; 1977 - \$3,538,000; 1978 - None.

FARMERS HOME ADMINISTRATION

Number of Loans and Grants for All Programs

Type of Loan	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
Agricultural Credit Insurance Fund:				
Farm ownership loans	11,371	3,273	11,000	10,200
Farm operating loans	44,048	7,125	48,626	46,310
Recreation loans to individuals ...	26	12	41	19
Emergency loans	16,878	1,575	3,300	6,300
Emergency livestock loans	2,380	616	2,400	2,450
Soil and water loans to individuals	2,293	1,238	3,129	2,900
Association loans:				
Irrigation and drainage	8	11	30	23
Grazing	11	4	10	9
Indian Tribe land acquisition ...	5	4	10	10
Soil Conservation Service Loans:				
Watershed protection loans	2	15	40	37
Flood prevention loans	1	--	4	4
Resource conservation and development loans	14	11	38	36
Subtotal, Agricultural Credit Insurance Fund	77,037	13,884	68,628	68,298
Rural Housing Insurance Fund:				
Low-Income Housing Assistance:				
Subsidized Loans:				
Repair loans (Section 504)	2,749	1,050	6,225	5,869
General purpose loans (Section 502)	64,266	16,939	70,950	67,144
Domestic farm labor	25	42	122	115
Rental or cooperative loans (Section 515)	680	627	1,400	1,450
Unsubsidized Loans:				
General purpose loans (Section 502)	7,316	4,165	9,600	17,000
Site loans (Section 524)	3	--	14	13
Moderate-Income Housing Assistance:				
Unsubsidized Loans:				
General purpose loans (Section 502)	42,727	9,640	71,000	69,052
Rental or cooperative loans (Section 515)	158	74	297	300
Site loans (Section 524)	2	--	9	8
Mobile home park loans	--	--	4	4
Subtotal, Rural Housing Insurance Fund	117,926	32,537	159,621	160,955
Rural Development Insurance Fund:				
Water and waste disposal loans	1,245	428	1,600	1,519
Community facility loans	332	153	370	351
Business and industrial loans	484	179	583	528
Subtotal, Rural Development Insurance Fund	2,061	760	2,553	2,398
Self-Help Housing Land Development Fund:				
Mutual and self-help housing site loans	--	3	5	--
TOTAL LOANS	197,024	47,184	230,807	231,651

Number of Loans and Grants for All Programs - Continued

	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
<u>Type of Grant</u>				
Rural Water and Waste Disposal Grants:				
Community facilities - water and waste disposal grants	674	312	1,160	207
Rural Development Grants:				
Business and industrial grants	109	104	137	--
Rural Housing for Domestic Farm Labor:				
Domestic farm labor housing grants .	--	11	8	--
Mutual and Self-Help Housing:				
Mutual and self-help housing grants	4	14	70	--
Very Low-Income Housing Repair Grants	--	--	2,075	--
Appalachian Regional Commission				
Grants	51	39	30	80
Department of Commerce Grants	68	30	65	65
Department of Army Grants	2	--	--	--
Emergency Job Grants	14	--	--	--
Department of Navy Grants	--	--	1	--
Economic Development Administration				
Grants	--	1	1	--
TOTAL GRANTS <u>1/</u>	922	511	3,597	352
GRAND TOTAL, LOANS AND GRANTS	197,946	47,695	234,404	232,003

1/ Excludes Rural Community Fire Protection grants administered by the Forest Service, as follows: 1976-1,190; 1977-2,022; 1978-0.

FARMERS HOME ADMINISTRATION

Comparison of Loan Delinquency Rates
(Dollars in Thousands)

Loan Type & Fund	September 30, 1975						September 30, 1976					
	All Borrowers			Borrowers Delinquent			All Borrowers			Borrowers Delinquent		
	Number	Amount of Loans Outstanding	% of All	Number	Amount of Loans Delinquent	% of All	Number	Amount of Loans Outstanding	% of All	Number	Amount of Loans Delinquent	% of All
Agricultural Credit Insurance Fund:												
Individual Loans:												
Farm ownership 1/	110,770:	\$2,800,036		7,713:	21,313:	1:	110,640:	\$3,015,823		7,966:	25,934:	1
Farm operating	82,183:	1,143,792	26:	21,742:	80,237:	7:	81,155:	1,198,513	21:	16,830:	91,071:	8
Recreation	196:	7,789	29:	15:	346:	4:	200:	8,570	27:	14:	149:	2
Emergency disaster	40,937:	778,676	2,222:	5:	12,219:	2:	41,217:	953,593	10:	4,093:	28,546:	3
Other real estate	492:	10,885	68:	14:	1,208:	11:	421:	11,748	40:	10:	1,061:	9
Soil and water	5,929:	30,915	446:	8:	562:	2:	7,591:	64,526	429:	6:	526:	1
Association Loans:												
Irrigation and drainage	231:	9,656	3:	1:	89:	1:	230:	9,431	3:	1:	63:	1
Grazing	378:	79,515	15:	4:	729:	1:	365:	78,126	10:	3:	328:	0
Recreation facilities	738:	95,248	104:	14:	4,055:	4:	724:	91,764	98:	14:	3,689:	4
Indian tribe land acquisition	15:	19,995	--:	--:	--:	--:	18:	29,056	1:	6:	1:	0
Soil Conservation Service Loans:												
Watershed protection and flood prevention	263:	56,995	10:	4:	216:	0:	260:	60,631	10:	4:	1,496:	2
Resource conservation and development	103:	10,257	9:	9:	119:	1:	109:	11,154	10:	9:	166:	1
Total, ACIF 4/	242,235:	5,043,759	32,361:	13:	121,093:	2:	242,930:	5,532,935	29,517:	12:	153,030:	3
Rural Housing Insurance Fund												
Low to Moderate-Income Housing												
Loans:												
Repair (Section 504)	19,263:	18,232	2,380:	12:	367:	2:	18,752:	20,395	2,317:	12:	456:	2
General Purpose (Section 502):												
Interest credit	211,731:	3,628,757	52,284:	25:	15,186:	0:	233,613:	4,263,861	55,065:	24:	17,047:	0
Non-interest credit	463,897:	5,641,576	92,007:	20:	48,807:	1:	496,283:	6,406,819	91,456:	18:	53,647:	1
Above moderate-income housing												
Loans (Section 502)	11,085:	119,184	1,603:	14:	763:	1:	10,638:	113,837	1,222:	11:	563:	0

Comparison of Loan Delinquency Rates - Continued

Loan Type & Fund	September 30, 1975					September 30, 1976				
	All Borrowers	Amount of Loans Outstanding	Number	% of All	Borrowers Delinquent	All Borrowers	Amount of Loans Outstanding	Number	% of All	Borrowers Delinquent
Domestic farm labor loans (Section 514)	304	\$ 25,588	8	3	\$ 400	375	\$ 29,861	15	4	\$ 104
Rental or cooperative loans (Section 515)	3,082	443,420	81	3	629	3,732	686,112	115	3	1,382
Site loans (Section 523 & 524) 2/	47	4,298	4	9	76	48	4,819	6	13	481
Total, RHIF 4/	709,409	9,881,055	148,367	21	66,228	1,763,441	11,525,704	150,196	20	73,680
Rural Development Insurance Fund										
Community Facilities Loans:										
Water and waste disposal	6,912	1,743,839	156	2	3,766	7,496	2,075,549	147	2	4,320
Other community facilities ...	221	34,002	5	2	8	495	183,656	7	1	65
Business and industrial loans ...	8	6,624	1	12	68	11	9,038	1	9	23
Total, RDIF 4/	7,141	1,804,465	162	2	3,842	8,002	2,268,243	155	2	4,408
Community Services Administration 3/										
Economic Opportunity Loans:										
Individual	12,762	13,134	8,824	69	4,249	9,976	9,429	3,807	38	2,646
Cooperative	277	9,571	80	29	1,221	204	8,795	56	27	1,065
Total, CSA 4/	13,039	22,705	8,904	68	5,470	10,180	18,224	3,863	38	3,711
Total, FmHA 4/	971,824	16,751,985	189,794	20	196,634	1,024,553	19,345,108	183,731	18	234,829

1/ Includes non-farm enterprise loans.

2/ Activity for Section 523 Site loans is part of the Self-help Land Development Fund.

3/ FmHA is responsible only for servicing on Equal Opportunity Loans, the last of which were made in 1971.

4/ Totals do not always add because of rounding.

FARMERS HOME ADMINISTRATION
Aging Schedule of Loan Repayment Delinquencies - Sept. 30, 1976
(Amounts in Thousands of Dollars)

Loan Type & Fund	Total Borrowers		1 Month or Less 4/		2 - 6 Months		6 Months to 1 Year 5/		1 - 2 Years		Over 2 Years	
	Delinquent		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Agricultural Credit Insurance Fund												
Individual Loans:												
Farm ownership 1/	7,966	\$25,934	2	\$	1	\$	4,297	\$ 5,791	1,989	\$ 6,493	1,678	\$13,649
Percent	100	100	0	0	0	0	54	22	25	25	21	53
Farm operating	16,830	91,071	225	472	384	664	8,041	26,266	4,622	32,678	3,558	30,991
Percent	100	100	1	1	2	1	48	29	27	36	21	34
Recreation	27	149	--	--	--	--	10	15	7	32	10	102
Percent	100	100					37	10	26	21	37	68
Emergency disaster	4,093	28,546	231	1,272	14	15	2,892	16,367	244	2,060	712	8,832
Percent	100	100	6	4	0	0	71	57	6	7	17	31
Other real estate	40	1,061	8	28	--	--	18	36	5	46	9	952
Percent	100	100	20	3			45	3	13	4	23	90
Soil and water	429	526	--	--	--	--	242	124	115	124	72	279
Percent	100	100					56	24	27	24	17	53
Association Loans:												
Irrigation and drainage	3	63	--	--	--	--	1	5	1	13	1	45
Percent	100	100					33	8	33	21	33	71
Grazing	10	328	--	--	--	--	4	56	4	176	2	96
Percent	100	100					40	17	40	54	20	29
Recreation facilities	98	3,689	--	--	--	--	18	86	18	258	62	3,345
Percent	100	100					18	2	18	7	63	91
Indian tribe land acquisition	1	1	--	--	--	--	1	1	--	--	--	--
Percent	100	100					100	100				

Aging Schedule of Loan Repayment Delinquencies - Sept. 30, 1976 - Continued

Loan Type & Fund	Total Borrowers		1 Month or Less		2 - 6 Months		6 Months to 1 Year		1 - 2 Years		Over 2 Years	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Soil Conservation Service Loans:												
Watershed protection and flood prevention	10	\$ 1,496:	--	\$ --	--	\$ --	3:	\$ 94:	--	\$ --	7:	\$ 1,403
Percent	100	100:					30:	6:			70:	94
Resource conservation and development	10	166:	--	--	--	--	3:	10:	3:	27:	4:	129
Percent	100	100:					30:	6:	30:	16:	40:	78
Total, ACIF	29,517	153,030:	466	1,773:	398	679:	15,530:	48,851:	7,008:	41,907:	6,115:	59,823
Percent	100	100:	2	1:	1	0:	53:	32:	24:	27:	21:	39
Rural Housing Insurance Fund												
Low to Moderate-Income Housing Loans:												
Repair (Section 504)	2,317	456:	384	7:	853	42:	456:	144:	315:	80:	309:	184
Percent	100	100:	17	2:	37	9:	20:	32:	14:	18:	13:	40
General purpose (Section 502)	55,065	17,047:	18,958	1,275:	26,600	6,133:	5,579:	3,458:	2,932:	3,390:	996:	2,791
Interest credit			34	7:	48	36:	10:	20:	5:	20:	2:	16
Percent	100	100:										
Non-interest credit	91,456	53,647:	31,398	2,761:	39,911	12,593:	10,595:	8,671:	5,975:	10,421:	3,577:	19,200
Percent	100	100:	34	5:	44	23:	12:	16:	7:	19:	4:	36
Above Moderate-Income Housing (Section 502)	1,222	563:	495	36:	475	127:	154:	108:	49:	84:	49:	209
Percent	100	100:	41	6:	39	23:	13:	19:	4:	15:	4:	37
Domestic Farm Labor (Section 514)	15	104:	--	--	--	--	10:	11:	3:	18:	2:	75
Percent	100	100:					67:	11:	20:	17:	13:	72
Rental or Cooperative (Section 515)	115	1,382:	2	2:	--	--	63:	398:	30:	357:	20:	625
Percent	100	100:	2	0:			55:	29:	26:	26:	17:	45

Aging Schedule of Loan Repayment Delinquencies - Sept. 30, 1976 - Continued

Loan Type & Fund	Total Borrowers		1 Month or Less 4/		2 - 6 Months		6 Months to 1 Year 5/		1 - 2 Years		Over 2 Years	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Site (Section 523 & 524) 2/	6	\$ 481	--	\$ --	--	\$ --	4	\$ 9	2	\$ 473	--	\$ --
Percent	100	100					67	2	33	98		
Total, RHIF	150,196	73,680	51,237	4,081	67,839	18,895	16,861	12,799	9,306	14,823	4,953	23,084
Percent	100	100	34	6	45	26	11	17	6	20	3	31
Rural Development Insurance Fund												
Community Facilities Loans:												
Water and waste disposal	147	4,320	--	--	--	--	68	603	32	1,045	47	2,672
Percent	100	100					46	14	22	24	32	62
Other community facilities	7	65	--	--	--	--	5	12	2	53	--	--
Percent	100	100					71	18	29	82		
Business and industrial	1	23	--	--	--	--	1	23	--	--	--	--
Percent	100	100					100	100				
Total, RDIF	155	4,408	--	--	--	--	74	638	34	1,098	47	2,672
Percent	100	100					48	14	22	25	30	61
Community Services Administration 3/												
Economic Opportunity Loans:												
Individual	3,807	2,646	497	80	193	29	754	129	496	186	1,867	2,222
Percent	100	100	13	3	5	1	20	5	13	7	49	84
Cooperative	56	1,065	--	--	--	--	21	106	9	67	26	892
Percent	100	100					38	10	16	6	46	84
Total, CSA	3,863	3,711	497	80	193	29	775	235	505	253	1,893	3,114
Percent	100	100	13	2	5	1	20	6	13	7	49	84

Aging Schedule of Loan Repayment Delinquencies - Sept, 30, 1976 - Continued

Loan Type & Fund	Total Borrowers :		1 Month or Less <u>4/</u>		2 - 6 Months		6 Months to 1 Year <u>5/</u>		1 - 2 Years		Over 2 Years	
	Delinquent		Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
Total, FmHA	183,731	\$234,829	52,200	\$ 5,934	68,430	\$19,602	33,240	\$62,522	16,853	\$58,082	13,008	\$88,690
Percent	100		28		37		18		9		7	

1/ Includes non-farm enterprise loans.

2/ Activity for Section 523 Site loans is part of the Self-Help Land Development Fund.

3/ FmHA is responsible only for servicing on Equal Opportunity Loans, the last of which were made in 1971.

4/ Annual payment borrowers are not shown in this column except in 502 housing.

5/ Annual payment borrowers not included.

6/ Totals do not always add because of rounding.

Report on Acquired Property
September 30, 1976

Program Type	Collateral Acquired		Collateral Sold		Gain or loss on collateral sold ^{3/}	Unsettled balance not written off ^{4/}	Collateral Inventory	
	During Month ^{1/}	Number of properties	Value of property	Number of properties	Investment in property sold ^{2/}		as of 9/30/76	Number of properties
1976 (as of September 30, 1976)								
Agricultural Credit Insurance Fund								
Farm ownership	15		\$731,585	9	\$231,381	\$61,142	100	\$4,723,225
Non-farm enterprise	1		61,000	--	--	--	1	61,000
Soil and water - individuals	--		--	--	--	--	5	58,081
Grazing association	--		--	--	--	--	--	--
Recreation association	--		--	--	--	--	9	1,544,976
Watershed	--		--	--	--	--	--	--
Flood prevention	--		--	--	--	--	--	--
Resource conservation and development	1		62,813	--	--	--	1	62,813
Rural Development Insurance Fund								
Domestic water	--		--	--	--	--	1	69,344
Water disposal	--		--	--	--	--	--	--
Water and waste disposal	--		--	--	--	--	--	--
Rural Housing Insurance Fund								
Rural housing - individuals	1,136		19,788,842	1,081	18,458,560	-1,574,608	7,344	127,772,798
Rural rental housing	1		200,000	9	478,591	+41,329	20	3,071,156
Farm labor housing	1		15,845	30	805,088	-342,549	4	134,939
Rural housing site	--		--	1	24,871	+129	6	336,753
Total, FmHA 1976	1,155		20,860,085	1,130	19,998,491	-1,726,449	7,491	137,835,085

1/ Property acquired through voluntary conveyance or foreclosure.

2/ Government investment in property sold is the acquisition value of the property plus costs charged to the property inventory account or costs charged to expense.

3/ The gain or loss of collateral sold is the net sale price of the property less the Government investment in the property less the amount of debt owed by the borrower that was written off. A positive amount reflects gain, a negative amount reflects a loss.

4/ The amount of debt that is unpaid and not written off at the time of foreclosure, and a collection only account or judgment account remains for which the borrower remains indebted.

Rural Housing Insurance Fund

(a) Direct Loan Authorization

Appropriation Act, 1977	\$15,000,000
Budget Estimate, 1978	<u>15,000,000</u>
Increase in Loan Authorization	<u> --</u>

PROJECT STATEMENT
(On basis of authorizations)

Project	:	1976	:	1977 Actual	:	Increase or Decrease	:	1978 (estimated)
Direct loan authorizations:	:	:	:	:	:	:	:	:
Very low-income repair loans	:	\$5,937,430	:	\$15,000,000	:	--	:	\$15,000,000
Unobligated authorization	:	:	:	:	:	:	:	:
carried forward to TQ	:	14,062,570	:	--	:	--	:	--
Total, loan authorizations	:	20,000,000	:	15,000,000	:	--	:	15,000,000

EXPLANATION OF PROGRAM

Direct rural housing loans to individuals may be made on farms, in the open country, and in towns of not more than 10,000 population that are rural in character. These loans may also be made in towns of 10,000-20,000 population that are not located within standard metropolitan statistical areas, and have a serious lack of mortgage credit. In the case of applicants who are deficient in repayment ability, cosigners on promissory notes are permitted.

Direct repair and improvement loans not in excess of \$5,000 are made to very low-income families who are owners of farms or nonfarm rural property to repair or improve their dwellings in order to make them safe and sanitary and to remove health hazards to the families and the community. These loans are made at one percent interest and are repayable in not more than 20 years.

(b) Reimbursement for Losses

Appropriation Act, 1977	\$175,429,000
Budget Estimate, 1978	<u>327,402,000</u>
Increase in Appropriation	<u>+151,973,000</u>

Project Statement
(On basis of appropriation)

Project	:	1976	:	1977	:	Increase or Decrease	:	1978
Reimbursement for losses:	:		:		:		:	
General purpose loans	:	\$116,282,000	:	\$167,207,000	:	+\$124,335,000	:	\$291,542,000
Rental or cooperative loans :	:	4,614,000	:	6,631,000	:	+26,669,000	:	33,300,000
Domestic farm labor loans ..	:	1,134,000	:	1,634,000	:	+939,000	:	2,573,000
Site loans	:	-30,000	:	-43,000	:	+30,000	:	-13,000
	:		:		:	(1):	:	
Total appropriation	:	122,000,000	:	175,429,000	:	+151,973,000	:	\$327,402,000

Explanation of Program

This appropriation is proposed to reimburse the Rural Housing Insurance Fund for funded losses incurred in fiscal year 1976 and the transition quarter, a total of 15 months. Section 521(c) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural housing insurance fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers. In addition, section 517(e) of the Act authorizes appropriations to restore all other losses to the fund. The amount requested is exclusive of provision for future losses, unfunded costs, and imputed interest.

JUSTIFICATION OF INCREASE

(1) An increase of \$151,973,000 for reimbursement of losses (\$175,429,000 available in 1977).

The amount requested will reimburse the Rural Housing Insurance Fund for losses incurred through September 30, 1976. Losses result primarily from the interest subsidy provided to low income borrowers or to owners of rental housing occupied by low income families. Interest losses in FY 1976 amounted to \$325,392,000. The estimated loss for FY 1977 is \$359,830,000 and for FY 1978 is \$445,371,000.

An analysis by loan program of the accrued operating deficit, exclusive of unfunded losses and amounts recovered for participation certificate transactions, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, this schedule is prepared on an accrual basis.

Rural Housing Insurance Fund

Operating Income and Expense Statement
(Dollars in Thousands)

	Income		Expense				Net	
	Interest	Other	Total	Interest	Write-offs	Other	Total	Total
<u>1976^{1/} Actual</u>								
Loans:								
General purpose loans	379,974	14,181	394,155	670,333	4,775	10,941	686,049	-291,894
Domestic farm labor loans	558	4	561	2,500	614	12	3,125	-2,564
Rental or cooperative loans	17,991	286	18,276	51,102	13	115	51,230	-32,954
Site loans	440	--	440	419	--	11	429	+10
TOTAL	398,962	14,470	413,432	724,354	5,403	11,078	740,835	-327,402
<u>1977 Estimate</u>								
Loans:								
General purpose loans	419,840	17,564	437,404	733,325	5,475	12,104	750,904	-313,500
Domestic farm labor loans	794	6	800	3,680	1,000	20	4,700	-3,900
Rental or cooperative loans	24,752	384	25,136	68,241	25	158	68,424	-43,288
Site loans	575	--	575	545	--	15	560	+15
TOTAL	445,961	17,954	463,915	805,791	6,500	12,297	824,588	-360,673
<u>1978 Estimate</u>								
Loans:								
General purpose loans	606,390	19,158	625,548	983,730	7,400	16,300	1,007,430	-381,882
Domestic farm labor loans	992	8	1,000	4,713	1,360	27	6,100	-5,100
Rental or cooperative loans	37,400	600	38,000	101,710	50	240	102,000	-64,000
Site loans	770	--	770	770	--	20	790	-20
TOTAL	645,552	19,766	665,318	1,090,923	8,810	16,587	1,116,320	-451,002

^{1/} Includes reimbursable losses for 1976 and Transition Quarter, a 15 month period.

The following schedules present an analysis of outlays by loan program for fiscal years 1976, 1977, and 1978,

Rural Housing Insurance Fund

Analysis of Outlays by Loan Program
Fiscal Year 1976 Actual
(In Thousands of Dollars)

	General Purpose Loans	Domestic Farm Labor Loans	Rental or Cooperative Loans	Site Loans	Total
Funds for program operations:					
Funds expended:					
Loans made by the fund	2,177,561	4,474	255,853	1,025	2,438,914
Purchase of loans	463,540	2,800	27,654	169	494,163
Collections disbursed to investors	553,631	273	6,942	--	560,845
Interest expense	344,347	1,645	26,192	330	372,514
Interest credits on loans	41,935	--	1,275	--	43,210
Administrative expense	1,133	4	64	--	1,200
Interest transferred on participation certificates	4,644	--	--	--	4,644
Other	20,908	12	-59	2	20,864
Total funds expended	3,607,700	9,206	317,920	1,527	3,936,354
Funds received:					
Repayments on loans	-256,691	-535	-6,477	-683	-264,386
Payments of interest on loans	-262,327	-383	-12,680	-253	-275,643
Sale of loans	-2,587,184	-8,387	-197,379	-2,590	-2,795,540
Collections received for investors	-543,908	-421	-8,700	--	-553,029
Insurance premiums and guarantee fees	-7,359	--	-182	--	-7,542
Other	-37,867	-54	-831	-4	-38,756
Total funds received	-3,695,337	-9,779	-226,249	-3,530	-3,934,896
Outlays	-87,637	-573	91,671	-2,003	1,458

Rural Housing Insurance Fund

Analysis of Outlays by Loan Program Fiscal Year 1977 Estimate (In Thousands of Dollars)

	General Purpose Loans	Domestic Farm Labor Loans	Rental or Cooperative Loans	Site Loans	Total
Funds for program operations:					
Funds expended:					
Loans made by the fund	2,547,000	6,000	395,000	2,000	2,950,000
Purchase of loans	1,350,000	8,175	83,700	510	1,442,385
Collections disbursed to investors	487,400	250	6,184	--	493,834
Interest expense	557,000	3,100	47,000	722	607,822
Interest credits on loans	28,100	--	900	--	29,000
Administrative expense	2,000	150	800	50	3,000
Interest transferred on participation certificates	2,727	--	--	--	2,727
Other	43,700	120	350	21	44,191
Total funds expended	5,017,927	17,795	533,934	3,303	5,572,959
Funds received:					
Repayments on loans	533,000	-1,100	-14,400	-1,500	-550,000
Payments of interest on loans	392,000	-500	-22,000	-500	-415,000
Sale of loans	4,028,400	-14,600	-495,000	-2,752	-4,540,752
Collections received for investors	442,000	-400	-7,600	--	-450,000
Insurance premiums and guarantee fees	10,700	--	-200	--	-10,900
Other	45,000	-245	-1,700	-40	-46,985
Total funds received	5,451,100	-16,845	-540,900	-4,792	-6,013,637
Outlays	-433,173	950	-6,966	-1,489	-440,678

Rural Housing Insurance Fund

Analysis of Outlays by Loan Program Fiscal Year 1978 Estimate (In Thousands of Dollars)

	General	Domestic	Rental or	Site	Total
	Purpose	Farm Labor	Cooperative	Loans	
	Loans	Loans	Loans		
Funds for program operations:					
Funds expended:					
Loans made by the fund	2,468,000	9,000	570,000	3,000	3,050,000
Purchase of loans	783,000	4,776	53,600	330	841,706
Collections disbursed to investors	345,400	185	4,415	--	350,000
Interest expense	865,000	4,900	81,500	1,333	952,733
Interest credits on loans	21,300	--	700	--	22,000
Administrative expense	1,905	170	870	55	3,000
Interest transferred on participation certificates	2,411	--	--	--	2,411
Other	55,400	240	700	43	56,383
Total funds expended	4,542,416	19,271	711,785	4,761	5,278,233
Funds received:					
Repayments on loans	-772,000	-1,600	-23,900	-2,500	-800,000
Payments of interest on loans	-560,000	-900	-38,300	-800	-600,000
Sale of loans	-2,590,000	-11,000	-497,500	-1,580	-3,100,080
Collections received for investors	-314,000	-300	-5,700	--	-320,000
Insurance premiums and guarantee fees	-11,800	--	-200	--	-12,000
Other	-47,000	-270	-2,000	-62	-49,332
Total funds received	-4,294,800	-14,070	-567,600	-4,942	-4,881,412
Outlays	247,616	5,201	144,185	-181	396,821

The following schedule presents an analysis of change in the cash position of the fund.

Rural Housing Insurance Fund

Change in Cash Position of the Fund
(In Thousands of Dollars)

	<u>1976</u> <u>Actual</u>	<u>1977</u> <u>Estimate</u>	<u>1978</u> <u>Estimate</u>
Cash balance, beginning of period	<u>186,831</u>	<u>52,003^{a/}</u>	<u>657,607</u>
Outlays	<u>1,458</u>	<u>-440,678</u>	<u>396,821</u>
Funds for financing:			
Treasury borrowings	200,000	--	--
Appropriation for reimbursement of losses	122,000	175,429	327,402
Funds for payment of sales insufficiencies	--	188	447
Principal transferred to participation certificates	-14,455	-10,691	-9,383
Repayment of borrowings from Treasury	<u>--</u>	<u>--</u>	<u>--</u>
Net financing	<u>307,545</u>	<u>164,926</u>	<u>318,466</u>
Cash balance, end of period	<u>492,918^{a/}</u>	<u>657,607</u>	<u>579,252</u>

^{a/} The transition quarter is not reported, therefore, these balances are not the same.

As of September 30, 1978, the unpaid principal balance of loans sold under insurance programs is estimated to be \$16,515.2 million. The projected premium interest on loans held by investors through the end of the holding period and on the certificates of beneficial ownership throughout the life of the certificates is estimated to be \$1,437 million.

(c) RURAL HOUSING LOANS - OBLIGATIONS
(Dollars in millions)

	<u>1976 actual</u>		<u>1977 estimate</u>		<u>Change</u>	<u>1978 estimate</u>	
	<u>No. of</u>	<u>Amount</u>	<u>No. of</u>	<u>Amount</u>	<u>1978 Amount</u>	<u>No. of</u>	<u>Amount</u>
	<u>Units</u>		<u>Units</u>		<u>over 1977</u>	<u>Units</u>	
Low-Income Housing							
Assistance:							
Interest Credit Loans:							
Repair loans							
(sec. 504)	2,269	\$5.9	5,375	\$15.0	--	5,068	\$15.0
General purpose loans							
(sec. 502):							
Purchase of new							
dwellings	43,619	1,003.5	41,755	1,022.0	-161.0	33,266	861.0
Purchase of existing							
dwellings	16,286	345.5	22,575	510.0	+62.0	23,900	572.0
Repair only	470	6.8	1,170	18.0	+30.0	4,000	48.0
Domestic farm labor							
housing loans (sec.							
514)	50	.6	744	10.0	--	702	10.0
Rental or cooperative							
loans (sec. 515) ...	12,480	198.2	27,397	463.0	+47.0	28,492	510.0
Non-Interest Credit							
Loans:							
Site loans (sec.							
524) 1/	(119)	.4	(541)	2.0	--	(513)	2.0
General purpose loans							
(sec. 502)	<u>5,531</u>	<u>80.0</u>	<u>7,225</u>	<u>111.0</u>	<u>+69.0</u>	<u>12,900</u>	<u>180.0</u>
Subtotal, Low-							
Income Housing							
Assistance	<u>80,705</u>	<u>1,640.9</u>	<u>106,241</u>	<u>2,151.0</u>	<u>+47.0</u>	<u>108,328</u>	<u>2,198.0</u>
Moderate-Income Housing							
Assistance:							
Non-Interest Credit							
Loans:							
General purpose loans							
(sec. 502):							
Insured	39,339	850.8	42,400	976.0	-255.0	31,334	721.0
Guaranteed	--	--	22,775	500.0	+200.0	31,781	700.0
Rental or cooperative							
(sec. 515)	2,070	33.0	4,852	82.0	+8.0	5,028	90.0
Site loans (sec.							
524) 1/	(60)	.2	(270)	1.0	--	(256)	1.0
Mobile home park							
loans (sec. 527)	<u>(--)</u>	<u>--</u>	<u>(--)</u>	<u>1.0</u>	<u>(--)</u>	<u>(--)</u>	<u>1.0</u>
Subtotal, Moderate-							
Income Housing							
Assistance	<u>41,409</u>	<u>884.0</u>	<u>70,027</u>	<u>1,560.0</u>	<u>-47.0</u>	<u>68,143</u>	<u>1,513.0</u>
TOTAL	<u>122,114</u>	<u>2,525.0</u>	<u>176,268</u>	<u>3,711.0</u>	<u>--</u>	<u>176,471</u>	<u>3,711.0</u>

1/ Site loans do not produce a unit of housing. However, they are usually made in conjunction with sec. 502 or sec. 515 loans and the units would be added in these categories.

NOTE: All unit information is preliminary. The program levels are subject to minor shifts between categories.

EXPLANATION OF PROGRAM

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89-117), approved August 10, 1965. Public Law 89-117 authorized an appropriation of such sums as may be necessary for the purposes of the fund. An appropriation of \$100,000,000 was provided by the Supplemental Appropriation Act, 1966 (Public Law 89-309) to capitalize the fund for future operations.

Public Law 89-117 transferred authorities for making insured farm labor housing loans and insured rural rental or cooperative housing loans from the Agricultural credit insurance fund to the Rural housing insurance fund. Public Law 90-448, approved August 1, 1968, authorized interest credits to the accounts of certain qualified borrowers. Public Law 91-152, approved December 24, 1969, transferred the assets, liabilities, and authorizations of the Rural housing direct loan account to the Rural housing insurance fund. Public Law 91-609, approved December 31, 1970, made a number of changes in the loan and grant programs for farm labor housing.

The Housing and Community Development Act of 1974, Public Law 93-383, approved August 22, 1974, provides that loans may be made in areas with a population in excess of 10,000 but less than 20,000 if such an area is not included within a standard metropolitan statistical area and has a serious lack of mortgage credit as determined by the Secretary of Agriculture and the Secretary of Housing and Urban Development.

Rural housing building and repair loans. Loans are made to enable eligible low and moderate-income applicants to construct, improve, alter, repair or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. These loans currently bear interest at 8 percent with provisions for interest credits up to 7 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design and cost. Insured and guaranteed building loans are made to farm owners, owners of other real estate in rural areas, others who are or will become rural residents, and long-term leaseholders. These loans are repayable in not more than 33 years.

Rural rental and cooperative housing loans. Loans are authorized to be made to individuals, corporations, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly persons and other persons of low and moderate income in rural areas. These loans are repayable in not more than 40 years (except loans for housing for the elderly which are repayable in not more than 50 years) and currently bear interest at 9 percent with provision for interest credits up to 8 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. The Farmers Home Administration can make its rural rental housing loans in conjunction with the Department of Housing and Urban Development's section 8 rent subsidy program. Loans made for units that will receive section 8 assistance bear an interest rate of 7 or 8 percent depending upon the circumstances of the individual project.

Rural housing site loans. Loans are made for the purchase and development of land to be subdivided into building sites for low to moderate income housing borrowers and rural rental and cooperative housing borrowers. Site loans are limited to rural areas where there is a severe shortage of credit for the purchase of building sites. Insured loans are made at 8 percent interest and are repayable in two years.

Farm labor housing loans. Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or

to a nonprofit organization of farm workers incorporated within a State to provide modest living quarters, basic household furnishings, and related facilities, including land necessary for an adequate site, for domestic farm labor. These loans are repayable in not more than 33 years and bear interest not in excess of one percent. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in these justifications.

Mobile home park loans. Loans are authorized to be made to provide sites for mobile homes. The sites must meet minimum property standards to assure livability and durability of a mobile home. The Housing and Community Development Act of 1974, authorized the making of loans for this activity. The authority is being implemented in fiscal year 1977.

JUSTIFICATION OF INCREASES AND DECREASES

The FY 1978 program level request of \$3,711,000,000 for programs under the Rural Housing Insurance Fund is the same as provided in FY 1977. However, adjustments between programs are requested as follows:

(1) A net decrease of \$55 million for section 502 low-to-moderate income rural housing loans to individuals (\$3,137 million available in 1977) consisting of:

A decrease of \$161,000,000 for interest credit loans to low-income borrowers for the purchase of new houses.

An increase of \$62,000,000 for interest credit loans to low-income borrowers for the purchase of existing houses.

An increase of \$30,000,000 for interest credit loans to low-income borrowers for repair only.

A decrease of \$255,000,000 for insured non-interest credit loans to moderate-income borrowers.

An increase of \$69,000,000 for non-interest credit loans to low-income borrowers.

An increase of \$200,000,000 for guaranteed non-interest credit loans to moderate income borrowers.

Subsidized home ownership loans have proven to be costly. In fiscal year 1976 premium interest and interest credits cost the agency over \$344 million by either reducing interest income or increasing premium interest and interest supplement expenses. The fiscal year 1978 estimate for premium interest and interest credit costs is \$475 million. Moreover, the rapid growth of outstanding subsidized home ownership loans has presented FmHA with some difficult management problems. The delinquency rate on home ownership loans continues to be at about 20 percent, while the number of houses returned to the government increased from 1,268 on December 31, 1972 to 4,896 on December 31, 1974 and 7,347 on June 30, 1976. FmHA field offices have been required to devote increasing amounts of time to servicing troublesome outstanding loans.

The guaranteed moderate income housing program is being expanded in order to encourage private mortgage lenders to become involved in rural housing loans. The guaranteed housing program will allow Farmers Home Administration to transfer some of the loan making workload and costs, and most of the loan servicing workload to the private sector. Farmers Home Administration will remain liable for guaranteeing up to 90 percent of any losses of principal and interest sustained by the guarantor due to default on the loan by the borrower.

(2) An increase of \$55 million for section 515 rental or cooperative housing loans to individuals and organizations (\$545 million available in 1977) consisting of:

An increase of \$47,000,000 for interest credit rental or cooperative housing loans.

An increase of \$8,000,000 for non-interest credit rental or cooperative housing loans.

The section 515 rental or cooperative loan levels have been increased. The rental housing program is receiving increased emphasis because there is an increased demand in rural areas for rental units. These units provide housing for both the younger and the older individuals and families living in rural areas whose housing needs can be satisfied by rental units at a lower cost per unit, both to the renter and to the Government. The increased program levels in both the subsidized and unsubsidized portions of the program allow for a moderate increase of about 4 percent in the number of housing units, as well as reflecting higher unit costs. The unsubsidized loans are currently made at a 9 percent rate, which is greater than the cost of funds borrowed from the Federal Financing Bank. The section 515 rental program being administered in tandem with the Department of Housing and Urban Development's section 8 rent subsidy program will expand the demand for rural rental housing because decent, safe and sanitary housing will now be affordable for many more very low income families through the assistance of the section 8 rent subsidies.

STATUS OF PROGRAM

Direct Loans

During fiscal year 1976, a total of \$5,937,430 was obligated for 2,749 direct very low-income housing repair loans, including \$7,431 for loan cost items from the authorization to make such loans. The Appropriation Act for 1977 provides the authority to use \$15,000,000 from funds available in the Rural housing insurance fund for direct rural housing loans, the same level of funding is proposed for 1978, as shown in the following table:

	<u>1976 Actual</u>		<u>1977 Estimate</u>		<u>1978 Estimate</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
		(thousands)		(thousands)		(thousands)
Very low-income housing repair loans (sec. 504):						
Initial	2,269	\$5,367	5,375	\$13,900	5,068	\$13,900
Subsequent	480	570	850	1,100	801	1,100
Recoverable costs ..	--	7	--	--	--	--
Total	<u>2,749</u>	<u>5,944</u>	<u>6,225</u>	<u>15,000</u>	<u>5,869</u>	<u>15,000</u>

Rural Housing Loans

The following table shows the number and amount of rural housing loans made in 1976 and estimates for the 1977 and 1978 fiscal years.

	<u>1976 Actual</u>		<u>1977 Estimate</u>		<u>1978 Estimate</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
		(thousands)		(thousands)		(thousands)
Rural housing building loans (sec. 502):						
Initial	105,245	\$2,251,313	137,900	\$3,081,000	137,181	\$3,013,000
Subsequent	9,064	35,322	13,650	56,000	16,015	69,000
Rural housing site loans (sec. 524):						
Initial	4	365	14	2,500	11	2,400
Subsequent	1	260	9	500	10	600
Rural rental housing loans (sec. 515):						
Initial	685	213,992	1,357	505,000	1,400	557,000
Subsequent	153	17,209	340	40,000	350	43,000
Farm labor housing loans (sec. 514):						
Initial	25	584	115	7,400	108	7,300
Subsequent	--	--	7	2,600	7	2,700
Mobile home park loans (sec. 527):						
Initial	--	--	4	1,000	4	1,000
Total	<u>115,177</u>	<u>2,519,045</u>	<u>153,396</u>	<u>3,696,000</u>	<u>155,086</u>	<u>3,696,000</u>

As of June 30, 1976, \$14,095,500,970 had been advanced to 926,331 borrowers under the housing program. Principal payments of \$3,155,539,186 and interest payments of \$2,402,312,694 had been made. Principal write-offs and judgments totaled \$22,979,327.

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund
Account

Very-Low Income Repair Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	271,790	111,900	500,000	500,000
Alaska	--	--	100,000	100,000
Arizona	9,230	11,650	100,000	100,000
Arkansas	506,060	443,820	900,000	900,000
California	27,040	5,840	100,000	100,000
Colorado	40,040	20,690	100,000	100,000
Connecticut	8,570	--	100,000	100,000
Delaware	600	2,000	100,000	100,000
Florida	24,890	3,200	100,000	100,000
Georgia	23,750	20,920	100,000	100,000
Hawaii	--	--	100,000	100,000
Idaho	5,000	1,500	100,000	100,000
Illinois	16,910	10,030	100,000	100,000
Indiana	21,010	4,640	100,000	100,000
Iowa	60,070	19,210	200,000	200,000
Kansas	30,300	19,100	100,000	100,000
Kentucky	653,040	215,840	1,100,000	1,100,000
Louisiana	136,090	34,800	400,000	400,000
Maine	163,470	124,400	300,000	300,000
Maryland	56,380	6,470	150,000	150,000
Massachusetts	15,110	12,300	100,000	100,000
Michigan	28,440	5,400	100,000	100,000
Minnesota	92,670	13,350	300,000	300,000
Mississippi	1,014,880	334,280	1,650,000	1,650,000
Missouri	215,870	85,190	400,000	400,000
Montana	8,650	1,500	100,000	100,000
Nebraska	6,830	5,300	100,000	100,000
Nevada	--	--	100,000	100,000
New Hampshire	5,700	2,360	100,000	100,000
New Jersey	19,500	--	100,000	100,000
New Mexico	268,260	96,590	500,000	500,000
New York	38,550	28,440	100,000	100,000
North Carolina	462,290	167,190	800,000	800,000
North Dakota	23,550	4,320	100,000	100,000
Ohio	14,740	900	100,000	100,000
Oklahoma	79,260	30,220	200,000	200,000
Oregon	39,850	9,750	100,000	100,000
Pennsylvania	69,550	38,110	200,000	200,000
Rhode Island	--	--	100,000	100,000
South Carolina	62,010	19,750	200,000	200,000
South Dakota	30,250	23,740	100,000	100,000
Tennessee	97,500	26,260	250,000	250,000
Texas	636,020	138,360	1,100,000	1,100,000
Utah	1,560	--	100,000	100,000
Vermont	13,790	7,890	100,000	100,000
Virginia	68,790	22,050	200,000	200,000
Washington	6,900	2,790	100,000	100,000
West Virginia	38,570	39,380	100,000	100,000
Wisconsin	42,620	32,500	150,000	150,000
Wyoming	1,210	500	100,000	100,000
Guam	--	2,500	1,500,000	1,500,000
Puerto Rico	480,270	144,300	800,000	800,000
Virgin Islands	--	--	100,000	100,000
Total	<u>5,937,430</u>	<u>2,351,230</u>	<u>15,000,000</u>	<u>15,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund
Account

Low-Moderate Income Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>FY 1977</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	44,866,540	14,754,180	76,000,000	75,000,000
Alaska	7,728,840	2,791,250	14,000,000	13,500,000
Arizona	36,745,230	7,753,250	39,000,000	38,500,000
Arkansas	48,765,880	18,132,530	68,000,000	67,000,000
California	73,221,440	17,007,510	84,000,000	83,000,000
Colorado	33,340,900	9,479,870	38,000,000	37,500,000
Connecticut	13,425,670	3,982,260	21,000,000	20,500,000
Delaware	18,445,860	1,181,430	20,000,000	19,500,000
Florida	62,262,300	10,182,510	78,000,000	77,000,000
Georgia	30,767,872	10,344,040	59,000,000	58,000,000
Hawaii	21,227,990	7,555,530	26,000,000	25,500,000
Idaho	52,388,720	13,234,740	55,000,000	54,000,000
Illinois	52,642,020	12,144,850	85,000,000	83,500,000
Indiana	63,837,110	15,305,950	85,000,000	83,500,000
Iowa	56,937,980	17,900,990	67,000,000	66,000,000
Kansas	41,864,030	14,244,530	50,000,000	49,000,000
Kentucky	74,987,550	23,583,330	120,000,000	118,000,000
Louisiana	43,412,040	13,946,160	71,000,000	70,000,000
Maine	105,743,610	10,670,940	105,000,000	103,000,000
Maryland	46,443,760	7,387,000	51,000,000	50,000,000
Massachusetts	18,426,200	5,323,140	30,000,000	29,500,000
Michigan	64,985,450	14,338,390	88,000,000	87,000,000
Minnesota	44,700,420	12,404,620	65,000,000	64,000,000
Mississippi	52,139,410	21,944,820	83,000,000	81,500,000
Missouri	53,681,300	16,204,690	85,000,000	83,500,000
Montana	20,157,920	5,758,960	23,000,000	22,500,000
Nebraska	32,306,600	9,119,770	37,000,000	36,500,000
Nevada	5,885,010	1,682,000	13,000,000	12,500,000
New Hampshire	10,205,280	4,799,320	16,000,000	15,500,000
New Jersey	47,980,768	7,442,742	50,000,000	49,000,000
New Mexico	16,914,117	3,704,940	23,000,000	22,500,000
New York	79,041,080	22,145,150	98,000,000	96,500,000
North Carolina	115,146,550	35,038,378	180,000,000	177,000,000
North Dakota	12,884,440	6,041,830	20,000,000	19,500,000
Ohio	42,207,360	9,989,030	75,000,000	73,500,000
Oklahoma	61,044,700	24,345,830	76,000,000	74,500,000
Oregon	45,996,310	10,525,700	49,000,000	48,000,000
Pennsylvania	37,721,610	6,050,080	74,000,000	73,000,000
Rhode Island	7,254,860	1,292,210	13,000,000	12,500,000
South Carolina	33,757,320	9,664,110	59,000,000	58,000,000
South Dakota	24,393,890	6,707,080	27,000,000	26,500,000
Tennessee	101,643,730	38,597,580	131,000,000	128,500,000
Texas	52,619,450	12,534,930	94,000,000	92,500,000
Utah	50,791,300	12,739,890	53,000,000	52,000,000
Vermont	20,831,890	8,107,960	27,000,000	26,500,000
Virginia	110,077,737	21,286,648	129,000,000	126,500,000
Washington	43,714,010	8,506,620	46,000,000	45,000,000
West Virginia	49,687,080	12,857,670	71,000,000	70,000,000
Wisconsin	41,942,080	10,879,620	66,000,000	65,000,000
Wyoming	10,604,410	3,128,420	14,000,000	13,500,000
Guam	354,740	718,270	13,000,000	12,500,000
Puerto Rico	47,389,730	16,159,670	84,000,000	82,500,000
Virgin Islands	1,093,140	1,666,710	13,000,000	12,500,000
Total	<u>2,286,635,234</u>	<u>613,289,628</u>	<u>3,137,000,000</u>	<u>3,082,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund

Account

Rural Housing Site Loans

Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Arizona	67,700	- -	74,500	74,500
Colorado	- -	- -	190,500	190,500
Florida	- -	- -	715,000	715,000
Louisiana	136,150	- -	150,000	150,000
North Carolina	- -	- -	292,000	292,000
Ohio	- -	- -	11,000	11,000
Oklahoma	- -	- -	14,000	14,000
South Dakota	321,000	- -	415,000	415,000
Vermont	- -	- -	95,000	95,000
Virginia	- -	- -	806,000	806,000
Washington	100,000	- -	110,000	110,000
Puerto Rico	<u>- -</u>	<u>- -</u>	<u>127,000</u>	<u>127,000</u>
Total	<u>624,850</u>	<u>- -</u>	<u>3,000,000</u>	<u>3,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund
Account

Rural Rental Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	4,302,400	4,275,200	10,000,000	11,000,000
Alaska	- -	3,447,540	4,000,000	4,400,000
Arizona	1,670,600	998,000	3,000,000	3,300,000
Arkansas	2,582,200	2,418,760	5,000,000	5,500,000
California	10,764,370	17,010,690	25,000,000	27,500,000
Colorado	2,395,670	2,723,000	5,000,000	5,500,000
Connecticut	6,385,000	27,950	11,000,000	12,100,000
Delaware	133,600	- -	3,000,000	3,300,000
Florida	6,459,640	20,740,310	22,000,000	24,200,000
Georgia	1,781,480	2,631,000	6,000,000	6,600,000
Hawaii	- -	2,998,000	3,000,000	3,300,000
Idaho	3,174,370	7,612,750	7,000,000	7,700,000
Illinois	8,212,420	15,229,950	20,000,000	22,000,000
Indiana	7,739,700	11,619,300	17,000,000	18,700,000
Iowa	14,441,120	13,441,000	26,000,000	28,600,000
Kansas	1,023,030	214,560	6,000,000	6,600,000
Kentucky	1,492,870	2,368,900	4,000,000	4,400,000
Louisiana	2,217,340	816,900	4,000,000	4,400,000
Maine	7,189,900	3,170,920	15,000,000	16,500,000
Maryland	2,322,830	550,000	6,000,000	6,600,000
Massachusetts	3,974,500	2,248,150	7,000,000	7,700,000
Michigan	5,825,900	13,077,000	20,000,000	22,000,000
Minnesota	8,609,920	10,080,570	16,000,000	17,600,000
Mississippi	3,772,250	6,279,750	10,000,000	11,000,000
Missouri	7,290,550	6,589,860	18,000,000	19,800,000
Montana	3,773,150	2,417,550	6,000,000	6,600,000
Nebraska	307,950	2,025,760	3,000,000	3,300,000
Nevada	912,000	- -	3,000,000	3,300,000
New Hampshire	4,192,000	-935,000	9,000,000	9,900,000
New Jersey	4,854,650	1,369,800	6,000,000	6,600,000
New Mexico	5,000	2,961,000	3,000,000	3,300,000
New York	5,931,600	5,788,820	10,000,000	11,000,000
North Carolina	5,819,640	5,962,610	15,000,000	16,500,000
North Dakota	4,962,700	2,755,740	8,000,000	8,800,000
Ohio	16,555,250	10,794,280	32,000,000	35,200,000
Oklahoma	1,458,010	2,348,160	4,000,000	4,400,000
Oregon	5,774,650	6,763,710	13,000,000	14,300,000
Pennsylvania	6,534,800	9,957,530	19,000,000	20,900,000
Rhode Island	- -	- -	3,000,000	3,300,000
South Carolina	2,222,720	4,647,450	8,000,000	8,800,000
South Dakota	6,411,440	6,021,310	12,000,000	13,200,000
Tennessee	3,773,010	1,574,900	14,000,000	15,900,000
Texas	18,069,770	8,249,640	29,000,000	31,900,000
Utah	983,240	1,350,180	3,000,000	3,300,000
Vermont	798,000	1,018,000	3,000,000	3,300,000
Virginia	2,626,300	4,161,100	10,000,000	11,000,000
Washington	9,351,000	9,893,800	17,000,000	18,700,000
West Virginia	1,761,800	4,435,620	5,000,000	5,500,000
Wisconsin	9,765,210	13,816,500	22,000,000	24,200,000
Wyoming	596,600	757,000	3,000,000	3,300,000
Guam	- -	- -	3,000,000	3,300,000
Puerto Rico	- -	10,075,330	6,000,000	6,600,000
Virgin Islands	- -	- -	3,000,000	3,300,000
Total	<u>231,202,150</u>	<u>268,780,850</u>	<u>545,000,000</u>	<u>600,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund
Account

Farm Labor Housing Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	36,620	- -	35,000	35,000
Arizona	- -	68,680	67,000	67,000
Arkansas	----	81,800	80,000	80,000
California	- -	625,250	618,000	618,000
Florida	- -	5,223,820	5,150,000	5,150,000
Hawaii	- -	24,000	24,000	24,000
Idaho	- -	16,000	15,000	15,000
Kansas	27,200	- -	26,500	26,500
Louisiana	46,440	84,090	129,000	129,000
Maine	56,000	- -	55,000	55,000
Mississippi	18,700	233,750	250,000	250,000
Montana	- -	25,000	24,000	24,000
New Hampshire	- -	15,000	14,000	14,000
New Jersey	22,600	- -	22,500	22,500
Tennessee	251,200	376,450	620,000	620,000
Texas	57,900	1,943,540	2,000,000	2,000,000
Vermont	67,280	54,600	120,000	120,000
Washington	- -	760,000	750,000	750,000
Total	<u>583,940</u>	<u>9,531,980</u>	<u>10,000,000</u>	<u>10,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Housing Insurance Fund
Account

Mobile Home Park Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
California	- -	- -	500,000	500,000
Florida	<u>- -</u>	<u>- -</u>	<u>500,000</u>	<u>500,000</u>
Total	<u>- -</u>	<u>- -</u>	<u>1,000,000</u>	<u>1,000,000</u>

Payment of Sales Insufficiencies

In fiscal years 1967 and 1968, the Farmers Home Administration was authorized to sell to private investors, through the Government National Mortgage Association, participation certificates backed by loan assets in FmHA accounts as follows:

	Direct Loan Account*	Rural Housing Direct Loan Account**	Total
	(-----Dollars	in millions-----)	
1967 Sales Authorizations ...	\$488	\$112	\$600
1968 Sales Authorizations ...	600	150	750
	<u>1,088</u>	<u>262</u>	<u>1,350</u>

* This account was merged with the Agricultural Credit Insurance Fund as of September 30, 1972.

** This account was merged with the Rural Housing Insurance Fund as of June 30, 1970.

Of the 1968 authorization, \$525 million was used in the fiscal year 1968 and \$225 million was carried forward and used in 1969. Sales insufficiencies result from the amount of interest due holders of participation certificates and handling costs in excess of investment income and interest earned on loans pledged as security for the certificates. The interest rates on the certificates are generally higher than the interest rates on the pledged loans. The Agriculture-Environmental and Consumer Protection Appropriation Act, 1974, appropriated, on a permanent indefinite basis, such sums as may be necessary to cover the insufficiencies from the 1968 sale of certificates. Insufficiencies for sales authorized in 1968 are \$1,161 thousand for fiscal year 1976, \$188 thousand for the transition quarter, and \$447 thousand estimated for fiscal year 1977. Budget authority to reimburse RHIF for the insufficiencies is requested the year after the losses are incurred.

Agricultural Credit Insurance Fund

(a) Reimbursement for Losses

Appropriation Act, 1977	\$141,189,000
Budget Estimate, 1978	<u>164,735,000</u>
Increase in Appropriation	<u>+23,546,000</u>

PROJECT STATEMENT
(On basis of appropriation)

Project	1976	1977	Increase or Decrease	1978 (estimated)
Reimbursement for losses:				
Farm Loans to Individuals:				
Farm ownership loans	\$ 122,785,000:	\$ 61,111,000:	+\$46,541,000:	\$ 107,652,000
Farm operating loans	30,333,000:	4,355,000:	+8,276,000:	12,631,000
Emergency disaster loans ..	3,260,000:	66,134,000:	-41,502,000:	24,632,000
Emergency livestock loans :	-- :	166,000:	+907,000:	1,073,000
Soil and water				
conservation loans	1,447,000:	794,000:	+2,485,000:	3,279,000
Farm Loans to Associations				
or Groups:				
Irrigation and drainage				
loans	370,000:	252,000:	+180,000:	432,000
Grazing loans	3,574,000:	1,652,000:	+2,597,000:	4,249,000
Recreation loans	4,215,000:	3,370,000:	+2,605,000:	5,975,000
Indian tribe land				
acquisition loans	454,000:	369,000:	+713,000:	1,082,000
Watershed protection and				
flood prevention loans :	2,056,000:	1,781,000:	+1,152,000:	2,933,000
Resource conservation and				
development loans	718,000:	703,000:	+214,000:	917,000
Inactive Loan Programs	-- :	502,000:	-622,000:	-120,000
			(1) :	
Total appropriation	<u>169,214,000:</u>	<u>141,189,000:</u>	<u>+23,546,000:</u>	<u>164,735,000</u>

EXPLANATION OF PROGRAM

This appropriation is proposed to reimburse the Agricultural Credit Insurance Fund for funded losses incurred in fiscal year 1976 and the transition quarter, a total of 15 months.

JUSTIFICATION OF INCREASE

(1) An increase of \$23,546,000 for reimbursement for losses (\$141,189,000 available in 1977).

The amount requested will reimburse the Agricultural Credit Insurance Fund for losses incurred through September 30, 1976. Losses result primarily from interest costs and writeoff of uncollectable loans. The interest costs are incurred due to the difference between interest rates charged to borrowers and the rate which the Government must pay for its own borrowing. Many of the loans made from this fund are subject to an interest rate ceiling which was set by statute in July 1954. As interest rates have increased generally since then, this limitation has prevented the Government from recovering its own costs, and has effectively created subsidized loan programs. Interest losses in FY 1976 amounted to \$136,917,000. The estimated interest loss for FY 1977 is \$97,201,000, and for FY 1978 is \$122,419,000.

An analysis by loan program of the accrued operating deficit, exclusive of unfunded losses, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, this schedule is prepared on an accrual basis.

Agricultural Credit Insurance Fund

Operating Income and Expense Statement
(Dollars in Thousands)

	Income		Expense			Net	
	Interest	Other	Total	Interest	Write-offs	Total	Total
1976 ^{1/} Actual							
A. Farm Loans to Individuals:							
Farm ownership loans	\$99,580	\$464	\$100,044	\$202,996	\$ 1,006	\$207,696	\$-107,652
Farm production loans	94,882	188	95,070	92,585	9,417	107,701	-12,631
Emergency disaster loans	51,495	62	51,557	71,268	2,178	76,189	-24,632
Emergency livestock loans	15	--	15	--	169	1,088	-1,073
Soil and water conservation loans	1,397	4	1,401	4,287	20	4,680	-3,279
B. Farm Loans to Associations or Groups:							
Irrigation and drainage loans	205	1	206	457	--	638	-432
Grazing loans	1,843	4	1,847	5,830	25	6,096	-4,249
Recreation loans	2,765	7	2,772	7,365	59	8,747	-5,975
Indian Tribe land acquisition loans	1,215	2	1,217	2,117	--	2,299	-1,082
Watershed protection and flood prevention loans ..	1,594	3	1,597	4,373	--	4,530	-2,933
Resource conservation and development loans	317	1	318	1,067	--	1,235	-917
Inactive loan programs	120	--	120	--	--	--	120
TOTAL	255,428	736	256,164	392,345	12,874	420,899	-164,735
1977 Estimate							
A. Farm Loans to Individuals:							
Farm ownership loans	104,900	466	105,366	189,498	920	192,944	-87,578
Farm production loans	99,951	188	100,139	86,434	8,614	98,947	-1,192
Emergency disaster loans	54,240	62	54,302	66,510	1,992	70,377	-16,075
Emergency livestock loans	--	--	--	--	154	782	-782
Soil and water conservation loans	1,480	4	1,484	3,992	19	4,266	-2,782
B. Farm Loans to Associations or Groups:							
Irrigation and drainage loans	215	1	216	439	--	562	-346
Grazing loans	1,937	4	1,941	5,457	22	5,644	-3,703
Recreation loans	2,906	7	2,913	6,885	54	7,844	-4,931
Indian Tribe land acquisition loans	1,291	2	1,293	1,978	--	2,102	-809
Watershed protection and flood prevention loans ..	1,668	3	1,671	4,065	--	4,172	-2,501
Resource conservation and development loans	323	1	324	989	--	1,104	-780
Inactive loan programs	135	--	135	--	--	--	135
TOTAL	269,046	738	269,784	366,247	11,775	388,744	-118,960

^{1/} Includes reimbursable losses for 1976 and Transition Quarter, a 15 month period.

Agricultural Credit Insurance Fund

Operating Income and Expense Statement - Continued
(Dollars in Thousands)

	Interest		Income		Total		Interest		Write-offs		Expense		Total		Net	
	Interest	Other	Interest	Other	Interest	Other	Interest	Other	Interest	Other	Interest	Other	Interest	Other	Interest	Total
1978 Estimate																
A. Farm Loans to Individuals:																
Farm ownership loans	\$122,839	\$476			\$123,315		\$226,350		\$1,025		\$3,558		\$230,933		\$-107,618	
Farm operating loans	117,042	192			117,234		103,243		9,605		5,488		118,336		-1,102	
Emergency disaster loans	63,515	63			63,578		79,445		2,222		2,641		84,308		-20,730	
Emergency livestock loans	--	--			--		--		172		885		1,057		-1,057	
Soil and water conservation loans	1,733	4			1,737		4,768		21		359		5,148		-3,411	
B. Farm Loans to Associations or Groups:																
Irrigation and drainage loans	252	1			253		525		--		174		699		-446	
Grazing loans	2,268	4			2,272		6,518		25		233		6,776		-4,504	
Recreation loans	3,403	7			3,410		8,224		60		1,274		9,558		-6,148	
Indian Tribe land acquisition loans	1,512	2			1,514		2,362		--		175		2,537		-1,023	
Watershed protection and flood prevention loans ..	1,953	3			1,956		4,856		--		151		5,007		-3,051	
Resource Conservation and development loans	378	1			379		1,181		--		162		1,343		-964	
C. Inactive loan programs	158	--			158		--		--		--		--		158	
TOTAL	315,053	753			315,806		437,472		13,130		15,100		465,702		-149,896	

The following schedules present an analysis of outlays by loan program for fiscal years 1976, 1977 and 1978.

Agricultural Credit Insurance Fund
Analysis of Outlays by Loan Program
Fiscal Year 1976 Actual
(In Thousands of Dollars)

	Operating Loans	Farm Ownership Loans	Soil & Water Loans	Indiv. Loans	Grazing Loans	Recreation Loans	Irrig. & Drain. Loans	Resource & Cons. Dev. Loans	Flood & Water Loans	Indian Land Loans	Emergency Loans	Inactive Loans	Total
Funds for program operations:													
Funds expended:													
Loans made by the fund	534,280	402,244	25,315		1,443	2,711	132	1,188	4,454	6,457	473,147	--	1,451,371
Purchase of loans	5,225	168,601	1,398		7,719	7,296	256	--	1,624	390	575	--	193,084
Collections disbursed to													
investors	87,863	187,294	2,659		3,445	4,696	315	776	1,477	252	2	--	288,779
Interest expense	76,937	118,242	2,236		5,863	7,587	540	465	1,553	243	48,372	29	262,067
Interest transferred on													
participation certificates ..	1,392	4,044	20		--	--	--	--	--	--	--	--	5,456
Administrative expense	4,671	4,827	66		171	177	17	29	121	38	172	3	10,292
Loss settlement, guaranteed													
loans	289	96	--		--	--	--	--	--	--	578	--	963
Other	2,514	13,259	128		145	813	29	21	28	19	1,125	1	18,082
Total funds expended	713,171	898,607	31,822		18,786	23,280	1,289	2,479	9,257	7,399	523,971	33	2,230,094
Funds received:													
Repayments on loans	-374,810	-70,096	-1,481		-1,664	-540	-123	-363	-534	-270	-180,796	-121	-630,798
Payment of interest on loans ..	-60,534	-49,488	-557		-1,305	-1,619	-142	-194	-948	-771	-22,484	-30	-138,072
Sale of loans	-180,073	-382,552	-5,822		-8,772	-10,781	-819	-1,086	-6,681	-4,042	-225,370	-170	-826,168
Collections received for													
investors	-86,330	-202,362	-3,109		-3,851	-3,992	-475	-682	-1,414	-252	--	--	-302,467
Insurance premiums and													
guarantee fees	339	-334	-5		--	--	-1	--	--	--	-387	--	-388
Other	-11,854	-20,644	-340		-615	-1,274	-70	-428	-308	-94	-707	-86	-36,420
Total funds received	-713,262	-725,476	-11,314		-16,207	-18,206	-1,630	-2,753	-9,885	-5,429	-429,744	-407	-1,934,313
Outlays	-91	173,131	20,508		2,579	5,074	-341	-274	-628	1,970	94,227	-374	295,779

Agricultural Credit Insurance Fund

Analysis of Outlays by Loan Program
Fiscal Year 1977 Estimate
(In Thousands of Dollars)

	Operating Loans	Farm Ownership Loans	Soil & Water Loans	Indiv. Loans	Grazing Loans	Recreation Loans	Irrigation & Drain. Loans	Resource Cons. & Dev. Loans	Flood & Water Loans	Indian Land Loans	Emergency Loans	Inactive Loans	Total
Funds for program operations:													
Funds expended:													
Loans made by the fund	617,661	456,668	48,740	4,651	1,767	2,987	2,367	2,367	18,425	11,582	79,259	--	1,244,107
Purchase of loans	10,016	324,213	2,597	14,838	14,096	371	--	--	2,968	742	1,113	--	370,954
Collections disbursed to													
investors	91,200	194,700	2,700	3,600	4,800	300	900	900	1,500	300	--	--	300,000
Interest expense	89,989	137,737	2,755	6,734	8,876	612	612	612	1,837	306	56,626	--	306,084
Interest transferred on													
participation certificates ..	1,269	3,686	20	--	--	--	--	--	--	--	--	--	4,975
Administrative expense	3,444	3,550	46	129	129	15	23	23	91	30	129	--	7,586
Loss settlement, guaranteed													
loans	785	197	--	--	--	--	--	--	--	--	981	--	1,963
Other	2,520	15,564	157	180	967	45	22	22	24	22	1,020	--	20,521
Total funds expended	816,884	1,136,315	57,015	30,132	30,635	4,330	3,924	3,924	24,845	12,982	139,128	--	2,256,190
Funds received:													
Repayments on loans	-475,200	-88,800	-1,600	-2,400	-800	-100	-400	-400	-800	-300	-229,600	--	-800,000
Payment on interest on loans ..	-85,605	-69,810	-780	-1,755	-2,340	-195	-195	-195	-1,365	-1,170	-31,785	--	-195,000
Sale of loans	-276,851	-587,990	-8,890	-13,970	-16,509	-1,270	-1,270	-1,270	-10,160	-6,350	-346,699	--	-1,269,959
Collections received for													
investors	-82,650	-194,010	-2,900	-3,670	-3,870	-480	-680	-680	-1,450	-290	--	--	-290,000
Insurance premiums and													
guarantee fees	-347	-347	-11	--	--	-1	--	--	--	--	-347	--	-1,053
Other	-4,487	-7,869	-124	-235	-483	-28	-166	-166	-110	-41	-262	--	-13,805
Total funds received	-925,140	-948,826	-14,305	-22,030	-24,002	-2,074	-2,711	-2,711	-13,885	-8,151	-608,693	--	-2,569,817
Outlays	-108,256	187,489	42,710	8,102	6,633	2,256	1,213	1,213	10,960	4,831	-469,565	--	-313,627

Agricultural Credit Insurance Fund

Analysis of Outlays by Loan Program
Fiscal Year 1978 Estimate
(In Thousands of Dollars)

	Operating Loans	Farm Ownership Loans	Soil & Water Loans	Indiv. Loans	Grazing Loans	Recreation Loans	Irrig. & Drain. Loans	Resource & Cons. Dev. Loans	Flood & Water Loans	Indian Land Loans	Emergency Loans	Inactive Loans	Total
Funds for program operations:													
Funds expended:													
Loans made by the fund	612,361	459,003	53,873	3,765	4,151	1,241	3,107	3,467	10,844	10,430	100,479	--	1,258,956
Purchase of loans	14,521	470,050	3,765	21,513	21,513	20,437	538	--	4,303	1,076	1,613	--	537,816
Collections disbursed to													
investors	88,160	188,210	2,610	3,480	3,480	4,640	290	870	1,450	290	--	--	290,000
Interest expense	114,001	174,490	3,490	8,531	8,531	11,245	776	776	2,327	388	71,735	--	387,759
Interest transferred on													
participation certificates ..	1,110	3,227	17	--	--	--	--	--	--	--	--	--	4,354
Administrative expense	3,681	3,794	49	138	138	138	16	24	97	32	138	--	8,107
Loss settlement, guaranteed													
loans	1,159	--	--	--	--	--	--	--	--	--	4,636	--	5,795
Other	3,154	20,567	205	235	235	1,262	59	29	30	29	-2,025	--	23,545
Total funds expended	838,147	1,319,341	64,009	38,048	38,963	4,786	5,166	19,051	12,245	176,576	--	--	2,516,332
Funds received:													
Repayments on loans	-534,600	-99,900	-1,800	-2,700	-2,700	-900	-100	-500	-900	-300	-258,300	--	-900,000
Payment of interest on loans ..	-100,970	-82,340	-920	-2,070	-2,070	-2,760	-230	-230	-1,610	-1,380	-37,490	--	-230,000
Sale of loans	-206,833	-439,283	-6,641	-10,437	-10,437	-12,334	-949	-949	-7,590	-4,744	-259,016	--	-948,776
Collections received for													
investors	-79,800	-187,320	-2,800	-3,540	-3,540	-3,740	-460	-660	-1,400	-280	--	--	-280,000
Insurance premiums and													
guarantee fees	-560	-560	-15	--	--	--	-1	--	--	--	-560	--	-1,696
Other	-4,555	-7,989	-126	-238	-238	-490	-28	-168	-112	-42	-266	--	-14,014
Total funds received	-927,318	-817,392	-12,302	-18,985	-20,224	-1,768	-2,507	-11,612	-6,746	-555,632	--	--	-2,374,486
Outlays	-89,171	501,949	51,707	19,063	18,739	3,018	2,659	7,439	5,499	-379,056	--	--	141,846

The following schedule presents an analysis of change in the cash position of the fund.

Agricultural Credit Insurance Fund

Change in Cash Position of the Fund
(In Thousands of Dollars)

	<u>1976 act.</u>	<u>1977 est.</u>	<u>1978 est.</u>
Cash balance, beginning of period	<u>838,624</u>	<u>847,524^{a/}</u>	<u>1,286,991</u>
Outlays	<u>-295,779</u>	<u>313,627</u>	<u>-141,846</u>
Funds for financing:			
Appropriation for reimbursement of losses	169,214	141,189	164,735
Principal transferred on participation certificates	<u>-20,267</u>	<u>-15,349</u>	<u>-13,424</u>
Net financing	<u>148,947</u>	<u>125,840</u>	<u>151,311</u>
Cash balance, end of period	<u>691,790^{a/}</u>	<u>1,286,991</u>	<u>1,296,456</u>

^{a/} The transition quarter is not reported, therefore, these balances are not the same.

As of September 30, 1978, the principal amount of contingent liabilities under insurance programs is estimated to be \$7,003.9 million. The projected liability for premium interest on loans held by investors through the end of the holding period and on certificates of beneficial ownership throughout the life of the certificates is estimated to be \$328.2 million.

(b) AGRICULTURAL CREDIT INSURANCE FUND LOAN LEVELS
(Dollars in Thousands)

	<u>1976</u> <u>Actual</u>	<u>1977</u> <u>Estimate</u>	<u>Change</u> <u>1978 Over 1977</u>	<u>1978</u> <u>Estimate</u>
Loans to Individuals:				
Farm ownership loans	435,005	450,000	--	450,000
Farm production loans	539,217	625,000	--	625,000
Recreation and other non-				
farm enterprise	1,167	2,000	-1,000(1)	1,000
Emergency disaster loans .	477,712	100,000	+100,000(2)	200,000
Emergency livestock loans.	331,100	350,000	+21,616(3)	371,616
Soil and water loans	32,562	48,000	--	48,000
Subtotal, loans to individuals	<u>1,816,763</u>	<u>1,575,000</u>	<u>+120,616</u>	<u>1,695,616</u>
Loans to Associations or Groups:				
Irrigation and drainage loans	1,000	6,000	-1,000(4)	5,000
Grazing loans	3,988	4,000	--	4,000
Indian tribe land acquisition loans	3,148	10,000	--	10,000
Watershed protection loans	758	23,000	--	23,000
Flood prevention loans ..	20	400	--	400
Resource conservation and development loans .	1,093	3,600	--	3,600
Subtotal, loans to associations or groups	<u>10,007</u>	<u>47,000</u>	<u>-1,000</u>	<u>46,000</u>
TOTAL 1/	<u>1,826,770</u>	<u>1,622,000</u>	<u>+119,616</u>	<u>1,741,616</u>

EXPLANATION OF PROGRAM

This fund is used to insure farm ownership, recreation, soil and water, farm operating and emergency loans to individuals, as well as the following types of loans to associations: irrigation and drainage, grazing, recreation, Indian land acquisition, watershed protection, flood prevention, and resource conservation and development.

Loans may be made by the fund from available receipts or borrowings from the Treasury. Loans made by the fund are held in a pool as security for certificates of beneficial ownership which are sold primarily to the Federal Financing Bank. FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary. With respect to all new loans made from this fund, with the exception of emergency loans, not more than \$500 million may be held in the fund at any one time.

Public Law 92-419, approved August 30, 1972, abolished the Farmers Home Administration Direct Loan Account and the Emergency Credit Revolving Fund and provided for transfer of the assets and liabilities of, and authorizations applicable to, these accounts to the Agricultural Credit Insurance Fund. It also provided for transfer from the Agricultural Credit Insurance Fund to the Rural Development Insurance Fund of the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities.

Real Estate Loans to Individuals

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for farm ownership loans, recreation loans to individuals, and soil and water loans to individuals. Soil and water and recreation loans to individuals are each contained as a separate type of loan because the law sets forth eligibility requirements for these loans that differ somewhat from the eligibility requirements for farm ownership loans. In most respects, however, soil and water and recreation loans to individuals and farm ownership loans to individuals are subject to the same authorizations and limitations but not purposes.

Farm Ownership Loans. Farm ownership loans accompanied by supervisory assistance in farm and financial management are needed to preserve and improve the family farm pattern of American agriculture and to strengthen the economy of rural communities.

Farm ownership loans are used for:

1. Maintaining family farms: Owner-operators of this group of farms who are eligible for loans continue to need farm ownership loan assistance. In many cases this assistance will be needed to help families restructure their debts. A large number of family farm operators have entered into land purchase contracts which contain repayment schedules that are impossible to meet. Others need to utilize their real estate equities to refinance heavy short-term debts. In some instances the owner-operators need real estate credit assistance to make further adjustments in their operations, comply with local sanitation requirements, keep up with advances in agricultural technology, better utilize their land and labor resources and meet changing market requirements. Some farmers eligible for these loans who are operating their farms on a part-time basis need farm ownership loan assistance to increase the income they receive from farming. Many of these part-time farmers have stable nonfarm income and need only a modest boost in farm income to achieve a reasonable standard of living. Loans to finance income-producing recreational enterprises or other nonfarm enterprises also help some farmers make more productive use of their labor.

2. Purchase and development of farms: One of the functions of the farm ownership loan program is to assist farmers in the purchase and enlargement of farms. Farmers eligible for these loans need assistance in combining small tracts of land, making basic soil improvements, establishing permanent pastures, improving or constructing dwellings and essential farm buildings, adding a nonfarm enterprise and taking other measures to increase the efficiency and income-producing capacity of their holdings.

Farm ownership loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except with respect to veterans, and either training or farm experience or other training or experience which is determined to be sufficient to assure reasonable prospects of success in the proposed operation, (3) are or will become owner-operators of not larger than family farms, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at 5 percent.

The unpaid indebtedness against a farm or other security at the time the loan is made may not exceed \$225,000 or the market value of the farm or other security. The loan may not exceed \$100,000 or the amount certified by the county committee, whichever is the lesser.

Regulations encourage making a farm ownership loan, when possible, simultaneously with a loan from a Federal Land Bank or private lending institution for authorized farm ownership purposes. Under this policy of participating with private lenders, it has been possible to increase the number of loans made with available farm ownership funds.

Recreation Loans. Insured recreation loans are made to individual farmers and ranchers, under the same terms and limitations as farm ownership loans, for converting all or a portion of the farms or ranches they own or operate to outdoor income-producing recreation enterprises which will supplement or supplant farm or ranch income and permit carrying on sound and successful operations. Such loans are not limited to family-size operations.

Soil and Water Loans. Soil and water loans to individuals are made to a farm tenant or farm owner, a member of a partnership that owns and operates a farm, or a domestic corporation engaged in farming. Applicants must be unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperatives rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Soil and water loans to individuals are not limited to farm operators. Since the basic intent of the soil and water legislation was to promote conservation, development and better use of soil and water resources, these loans may be made to tenants and to non-operator owners. An applicant does not have to have a farm background, training, or experience to be eligible for a soil and water loan unless the soundness of the loan depends on his farming operations. It is not necessary that an applicant receive his income from farming after the loan is made. However, the farm improved with soil and water loan funds must provide a portion of the operator's cash income, except that an applicant may receive a soil and water loan to improve a farm on which the agricultural production may be temporarily eliminated. He may, for example, place his entire farm into grass or forest, and the agricultural income from that unit may be eliminated for several years pending the establishment of the range or forest.

Soil and water loans to individuals may be made only for land and water development, use and conservation. These purposes include a variety of items involving domestic water, irrigation and conservation such as terraces, dikes, reservoirs,

ponds, tanks, cisterns, wells, pipelines, pumping and irrigation equipment, ditches and canals for irrigation and drainage, waterways, and erosion control structures; also drainage of land which is part of an operating farm unit, land clearing, sodding, subsoiling, land leveling, liming, forestation for sustained yield and tree planting for erosion, control or shelter belt purposes.

Loans to Associations and Groups

Subtitle A of the Consolidated Farm and Rural Development Act contains the authorizations for association loans and Indian tribe land acquisition loans. The following types of association loans authorized under subtitle A are currently made from the Agricultural Credit Insurance Fund: irrigation and drainage, grazing and Indian tribe land acquisition loans. In addition, watershed works of improvement and flood prevention loans are made to associations under the Watershed Protection and Flood Prevention Act, as amended (Public Law 83-566), and resource conservation and development loans are made to associations under section 102 of Public Law 87-703, and other existing Departmental authorities.

Irrigation and Drainage Loans. Irrigation and drainage loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents for projects which include: the application or establishment of soil conservation practices; the construction, improvement, or enlargement of facilities for drainage and the conservation, development, use or control of water, primarily serving farmers and other rural residents. The objectives may be met through such assistance as to a group of farmers and other rural residents to develop community irrigation dams and canals; a soil and water conservation district to purchase heavy earth moving equipment; a community for drainage of land; a group of farmers to develop soil conservation measures such as terraces, shelter belts, and similar development. These loans are made at a 5 percent interest rate for 40 years or less.

Grazing Loans. Grazing loans are made to organizations primarily composed of farmers, ranchers, certain Indian tribes, and other rural residents to provide seasonal grazing for livestock belonging to members of the associations. Membership in an association permits a farmer or rancher to graze his livestock on association pasture for the grazing season and return them to his base unit for the balance of the year. Such a plan provides a farmer or rancher an opportunity to increase the size of his operation. These loans are made at a 5 percent interest rate for 40 years or less.

Indian Tribe Land Acquisition Loans. Public Law 91-229, approved April 11, 1970, authorized loans to any Indian tribe recognized by the Secretary of the Interior or tribal corporation established pursuant to the Indian Reorganization Act, which does not have adequate uncommitted funds, to acquire lands or interest in lands within the tribe's reservation or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof.

Operating Loans

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured operating loans. Operating loans made by the Farmers Home Administration are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative sources to develop a reasonable standard of living. The use of operating loan funds for this purpose helps to provide parity of opportunity to all rural people and to encourage farm families to remain in rural areas. The Rural Development Act of 1972 authorized operating loans to be made on an insured basis.

Loans are made to assist (1) full-time farm operators to continue to carry on and improve their farm and home operations, (2) part-time farm operators to convert their farming operations to full-time and to improve their income and level of living while continuing to live in rural areas, (3) young farmers who lack the necessary credit to acquire the resources needed for success, (4) farmers who are handicapped because of age, physical handicaps, or limited education or potential, to enable them to continue as self-supporting citizens, and (5) rural youths.

Operating loans are made to farmers and ranchers who (1) are citizens of the United States, (2) have a farm background, except with respect to rural youths and to veterans, a farm background is not required as a condition to obtaining a loan, and either training or farm experience and any other training or experience which is determined to be sufficient to assure reasonable prospects of success on the proposed operation, (3) are/or will become operators of not larger than family farms, except for rural youths, and (4) are unable to obtain sufficient credit elsewhere to finance their actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which the applicant resides for loans for similar purposes and periods of time.

Operating loans may be made for (1) paying costs incident to reorganizing a farming system for more profitable operations, (2) purchasing livestock, poultry and farm equipment, (3) purchasing feed, seed, fertilizer, insecticides, and farm supplies and to meet other essential operating expenses, including cash rent and costs incident to the production and harvesting of forestry products, (4) financing land and water development, use, and conservation, (5) developing recreation and other nonfarm enterprises, (6) refinancing existing indebtedness, (7) complying with certain safety standards, (8) financing other farm and home needs including but not limited to family subsistence, (9) operating enterprises by rural youths in connection with their participation in 4-H clubs, Future Farmers of America and other similar organizations, and (10) paying loan closing costs.

In no case may an operating loan be made which would result in a total principal loan balance outstanding in excess of \$50,000. The amount of each operating loan will be limited to the needs of the applicant and his ability to pay with due consideration given to the proposed farming program and the value of the chattel property, including crops, which will be available as security.

Operating loans may be scheduled for payment over periods from 1 to 7 years depending on loan purposes. In some situations, they may be renewed for not more than 5 additional years. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations with a similar maturity period plus not to exceed 1 percent as determined by the Secretary of Agriculture. The rate for the 1977 fiscal year is 8 percent.

Regulations provide that other reliable agricultural credit sources will be requested and encouraged to furnish as much as possible of the credit needs of each eligible applicant with the balance being supplied by an operating loan from the Farmers Home Administration.

Emergency (Disaster) Loans

Subtitle C of the Consolidated Farm and Rural Development Act, as amended by Public Law 94-68, enacted on August 5, 1975, contains authorizations for insured and guaranteed emergency (EM) loans.

Emergency loans are made available in designated areas (counties) where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be designated for emergency loan assistance by (1) the President, as a major disaster or emergency area, (2) the Secretary of Agriculture whenever a natural disaster has substantially affected farming, ranching, or aquaculture operations, or (3) FmHA State Directors when not more than 25 farmers, ranchers, and aquaculture operators in any one county have been substantially affected by a natural disaster.

Requests for disaster designations are initiated by county EM board to State EM board, a State governor or a local governing body, including Indian tribal councils.

Emergency loans are made to established eligible farmers, ranchers and aquaculture operators for actual losses at 5 percent interest and for annual operating expenses, major adjustments, and other essential needs arising from natural disasters at a market rate of interest as established on January 1 and July 1 of each year by the Secretary of Agriculture. Partnerships and private domestic corporations may also qualify, providing they are primarily engaged in agricultural or aquacultural production.

Applicants must be unable to obtain their needed credit from conventional lending sources, taking into consideration their total resources, in order to be eligible for emergency loan assistance.

Actual loss loans may be made for physical losses to repair, restore, or replace damaged or destroyed farm property and supplies and for production losses to compensate for loss of income based on reduced production of crops, livestock, and livestock products resulting from the disaster.

An applicant who qualifies for an emergency loan based on actual losses at 5 percent may also qualify for additional assistance at market rate to purchase livestock, poultry, or other animals and pay costs incident to reorganizing his farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishing and to refinance debts.

Subsequent emergency loans to an indebted borrower for annual operating purposes may be made at prevailing market interest rates for each year up to 5 consecutive years after the disaster to permit the borrower sufficient time to recover from the disaster losses and return to his usual credit sources.

Repayment terms vary according to the purpose(s) of the loan and the projected reasonable repayment ability of the borrower. Loans for annual operating expenses are ordinarily repayable from the sale of the year's production; replacement of home furnishings, farm machinery and equipment, and breeding livestock may not exceed 20 years, but will ordinarily be scheduled for a 7-year term; and real estate repair or restoration may not exceed 40 years.

Ordinarily emergency loans are secured by liens on crops, livestock, farm machinery or farm real estate having sufficient equity to adequately secure the full amount of the loan. If the usual collateral cannot be provided because of the disaster losses, loans can in some cases be made on the collateral that is available and on the basis of the applicant's strong repayment ability.

Applications are filed in the local FmHA County Offices and are accepted for claimed physical losses for 60 days after the date of the emergency designation and for 9 months after the date of designation when production losses are claimed.

Emergency (Livestock) Loans

The Emergency Livestock Credit Act, Public Law 93-357, approved July 25, 1974, authorized the making of guaranteed loans to provide temporary financing to livestock producers and feeders. The Farmers Home Administration guarantees loans made by banks or other legally organized lenders to farmers and ranchers in order that they may continue their normal farming or ranching operations. The basic law (P.L. 93-357) was amended by enactment of Public Law 94-35 on June 16, 1975. P.L. 94-35 which provided for a reduction in the amount of guarantees outstanding to \$1.5 billion (\$2.0 billion under P.L. 93-357) and extended the statutory period for guaranteeing loans to December 31, 1976, (July 25, 1975, under P.L. 93-357). It was further amended by enactment of P.L. 94-517, approved October 15, 1976, which extends the statutory period to September 30, 1978.

Loans can be made to individuals, partnerships and corporations who are established, bona fide farmers and ranchers in the United States. Borrowers must be primarily and directly engaged in breeding, raising, fattening or marketing their own beef or dairy cattle, hogs, sheep, goats, chickens, or turkeys.

Funds may be used for agricultural production purposes essential to conducting livestock operations, including replacing livestock, providing feed, paying usual charges for grazing permits or use of land and buildings, providing farm machinery, moving livestock, and for building or repairing pens and fences. Loans cannot be used to expand livestock operations.

P.L. 94-35 enables FmHA to guarantee up to 90 percent of principal and interest of losses (80 percent of the loss under P.L. 93-357) on loans made by lending institutions. No fees will be charged by FmHA for the guarantee. The total loans guaranteed for a borrower cannot now exceed \$350,000 (\$250,000 under P.L. 93-357). The interest rates will be those agreed upon by the lender and the borrower. Maximum repayment terms for these loans will be 7 years, with possible renewal for up to 3 additional years (formerly 3 years, with a possible 2-year extension). Loans guaranteed under this Act shall be secured by collateral adequate to protect the Government's interest as determined by the Secretary of Agriculture, provided that the Secretary may accept collateral which has depreciated in value owing to temporary economic conditions and which, in the opinion of the lender, together with his confidence in the repayment ability of the borrower, is adequate security for the loan.

Watershed Works of Improvement and Flood Prevention Loans

Under Public Law 83-566, as amended, loans are made to local organizations for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. FmHA has been assigned responsibility for making these loans to sponsors of such projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1977 fiscal year is 5.683 percent. For any single plan for works of improvement, the amount of the loan may not exceed \$5 million.

Resource Conservation and Development Loans

Under Public Law 87-703 and other existing Departmental authorities, loans are made to local sponsoring organizations and to individuals, when needed, for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of resource conservation and development projects approved for operation by the Soil Conservation Service. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. Public Law 92-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 30 years, with repayment of principal and interest deferred up to 5 years, if necessary. Loans bear interest at a rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1977 fiscal year is 5.683 percent.

JUSTIFICATION OF INCREASES AND DECREASES

The following adjustments result in a net increase of \$98,000,000 for loan programs financed through the Agricultural Credit Insurance Fund consisting of:

(1) A decrease of \$1,000,000 for recreation loans (\$2,000,000 available in 1977).

A decrease of \$1,000,000 owing to a reduction in demand for these loans.

(2) An increase of \$100,000,000 for emergency loans (\$100,000,000 available in 1977).

Need for Increase. The increase of \$100,000,000 is requested in 1978 to bring the program level more in line with the actual experience for the past several years. Emergency loan program needs are unpredictable from one year to the next. The \$200,000,000 shown does not reflect a limit on the program. The appropriation act provides amounts necessary to meet the needs resulting from natural disasters.

(3) An increase of \$21,616,000 for emergency livestock loan guarantees (\$350,000,000 in 1977).

The Emergency Livestock Credit Act of 1974 authorized a \$1.5 billion line of credit for emergency livestock loan guarantees. This authorization expires on September 30, 1978. FmIA estimates that \$350,000,000 will be obligated in FY 1977, and \$371,616,000 in FY 1978.

(4) A decrease of \$1,000,000 for irrigation and drainage loans (\$6,000,000 available in 1977).

A decrease of \$1,000,000 will be possible in FY 1978 owing to the reduction in pending applications resulting from the unusually high program level in 1977. The 1977 program level was 600 percent of the amount available in previous years.

STATUS OF PROGRAM

LOANS TO INDIVIDUALS

FARM OWNERSHIP LOANS (sec. 303).

A total of \$435,004,798 was obligated for insured farm ownership loans in 1976, including \$7,234,480 for nonfarm enterprise loans, from the authorization for insured real estate loans. Loan cost items total \$2,893,832.

The Appropriation Act for 1977 provided for real estate loans to be insured totaling \$520,000,000, including not less than \$450,000,000 for insured farm ownership loans.

1. Use of loan funds: The following tabulation shows a breakdown for initial and subsequent insured farm ownership loans for fiscal years 1976, 1977, and 1978.

<u>Farm Ownership Loans</u>	<u>Fiscal Year 1976</u>		<u>Fiscal Year 1977 (Est.)</u>		<u>Fiscal Year 1978 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
Initial ...	8,583	\$367.2	8,250	\$382.5	8,000	\$382.5
Subsequent	2,788	67.8	2,750	67.5	2,600	67.5
Total ...	<u>11,371</u>	<u>435.0</u>	<u>11,000</u>	<u>450.0</u>	<u>10,600</u>	<u>450.0</u>

2. Applications: A total of 30,983 applications for new farm ownership loans were received in 1976. At the end of the year, 15,517 applications were on hand.
3. Loan Activity: Direct and insured loan activity for the last seven fiscal years is shown on the following tables:

Initial Loans

<u>Fiscal Year</u>	<u>Total Direct Initial Loans</u>		<u>Total Insured Initial Loans</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
1970	168	\$ 4.3	8,410	\$ 217.4
1971	157	4.5	8,365	226.1
1972	--	--	10,718	302.2
1973	--	--	12,593	356.1
1974	--	--	8,728	291.5
1975	--	--	7,549	286.6
1976	--	--	8,583	367.2

Total Direct and Insured Initial and Subsequent Farm Ownership Loans

<u>Fiscal Year</u>	<u>Direct Loans</u> (millions)	<u>Insured Loans</u> (millions)	<u>Total Loans</u> (millions)
1970	\$5.0	\$255.2	\$260.2
1971	5.4	263.0	268.4
1972	--	355.5	355.5
1973	--	408.1	408.1
1974	--	352.2	352.2
1975	--	351.6	351.6
1976	--	435.0	435.0

RECREATION LOANS TO INDIVIDUALS (sec. 304).

In fiscal year 1976, 20 initial loans were made for \$993,150 and 6 subsequent loans for \$174,100. Loan cost items totaled \$5,308. In fiscal year 1977, it is estimated that 31 initial loans will be made for \$1,700,000 and 10 subsequent loans for \$300,000. It is estimated that in fiscal year 1978, 14 initial loans will be made for \$850,000 and 5 subsequent loans for \$150,000. A total of 65 applications for initial recreation loans to individuals were received during the 1976 fiscal year, and 29 were on hand June 30, 1976.

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Farm Ownership Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	9,353,770	2,686,110	9,000,000	9,000,000
Alaska	--	--	500,000	500,000
Arizona	4,235,350	348,780	3,400,000	3,400,000
Arkansas	13,860,698	4,342,590	13,800,000	13,800,000
California	5,161,130	1,541,530	5,200,000	5,200,000
Colorado	7,984,340	2,176,770	8,000,000	8,000,000
Connecticut	249,400	169,500	400,000	400,000
Delaware	1,944,410	228,100	1,900,000	1,900,000
Florida	4,722,170	662,260	4,700,000	4,700,000
Georgia	9,159,980	2,796,970	9,200,000	9,200,000
Hawaii	688,250	142,300	300,000	300,000
Idaho	12,624,690	4,862,990	12,900,000	12,900,000
Illinois	14,626,860	4,633,960	17,100,000	17,100,000
Indiana	12,754,020	3,706,000	13,200,000	13,200,000
Iowa	17,356,400	5,609,490	21,200,000	21,200,000
Kansas	16,482,830	5,431,060	17,500,000	17,500,000
Kentucky	13,238,340	4,137,590	14,400,000	14,400,000
Louisiana	8,276,000	2,370,690	8,300,000	8,300,000
Maine	5,752,610	1,079,720	5,800,000	5,800,000
Maryland	3,988,370	532,550	4,000,000	4,000,000
Massachusetts	620,150	34,000	500,000	500,000
Michigan	9,054,790	2,940,840	9,200,000	9,200,000
Minnesota	16,819,150	5,410,880	18,400,000	18,400,000
Mississippi	12,815,580	4,197,700	13,800,000	13,800,000
Missouri	17,820,690	5,550,460	20,700,000	20,700,000
Montana	8,323,000	2,653,570	8,300,000	8,300,000
Nebraska	17,588,710	5,609,070	18,000,000	18,000,000
Nevada	1,124,700	200,000	600,000	600,000
New Hampshire	474,000	80,700	400,000	400,000
New Jersey	2,459,460	511,100	2,200,000	2,200,000
New Mexico	3,650,810	1,154,500	3,300,000	3,300,000
New York	8,746,240	2,310,720	7,800,000	7,800,000
North Carolina	11,957,290	3,678,110	13,600,000	13,600,000
North Dakota	16,342,560	5,398,980	17,400,000	17,400,000
Ohio	7,483,570	1,997,470	8,000,000	8,000,000
Oklahoma	17,798,640	5,821,150	19,700,000	19,700,000
Oregon	6,121,650	1,653,430	5,000,000	5,000,000
Pennsylvania	7,165,990	2,009,100	6,600,000	6,600,000
Rhode Island	42,120	--	100,000	100,000
South Carolina	8,063,720	2,203,200	6,700,000	6,700,000
South Dakota	17,768,860	5,686,580	17,600,000	17,600,000
Tennessee	10,554,480	3,167,110	11,600,000	11,600,000
Texas	17,429,010	5,635,210	21,200,000	21,200,000
Utah	4,246,390	1,036,250	3,500,000	3,500,000
Vermont	4,142,220	463,520	4,400,000	4,400,000
Virginia	5,520,130	1,996,230	4,900,000	4,900,000
Washington	8,091,050	2,381,460	7,000,000	7,000,000
West Virginia	4,002,720	876,010	3,500,000	3,500,000
Wisconsin	16,826,810	4,095,970	18,400,000	18,400,000
Wyoming	3,667,420	1,051,630	3,400,000	3,400,000
Guam	--	--	--	--
Puerto Rico	5,738,360	1,816,050	3,300,000	3,300,000
Virgin Islands	84,910	--	100,000	100,000
Total	<u>435,004,798</u>	<u>129,079,960</u>	<u>450,000,000</u>	<u>450,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Recreation Loans (Individual)
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	--	--	--	--
Alaska	--	--	--	--
Arizona	--	--	--	--
Arkansas	--	--	--	--
California	47,400	--	53,500	26,750
Colorado	--	--	--	--
Connecticut	14,300	--	16,000	8,000
Delaware	--	--	--	--
Florida	--	--	--	--
Georgia	--	--	--	--
Hawaii	--	--	--	--
Idaho	40,000	61,000	114,000	57,000
Illinois	--	--	--	--
Indiana	--	--	--	--
Iowa	--	--	--	--
Kansas	--	--	--	--
Kentucky	6,000	--	7,000	3,500
Louisiana	--	--	--	--
Maine	55,000	29,700	95,500	47,750
Maryland	--	--	--	--
Massachusetts	79,000	--	89,000	44,500
Michigan	--	47,000	53,000	26,500
Minnesota	50,000	75,000	141,000	70,500
Mississippi	89,900	--	101,500	50,750
Missouri	15,100	--	17,000	8,500
Montana	8,000	--	9,000	4,500
Nebraska	--	--	--	--
Nevada	--	--	--	--
New Hampshire	--	--	--	--
New Jersey	--	--	--	--
New Mexico	--	--	--	--
New York	97,000	166,840	298,000	149,000
North Carolina	407,500	205,000	691,000	345,500
North Dakota	--	--	--	--
Ohio	--	--	--	--
Oklahoma	81,450	20,300	115,000	57,500
Oregon	--	--	--	--
Pennsylvania	--	--	--	--
Rhode Island	--	--	--	--
South Carolina	--	--	--	--
South Dakota	--	--	--	--
Tennessee	--	--	--	--
Texas	23,700	--	27,000	13,500
Utah	--	--	--	--
Vermont	40,900	--	46,000	23,000
Virginia	100,000	--	113,000	56,500
Washington	--	--	--	--
West Virginia	--	--	--	--
Wisconsin	--	--	--	--
Wyoming	--	--	--	--
Guam	--	--	--	--
Puerto Rico	12,000	--	13,500	6,750
Virgin Islands	--	--	--	--
Total	<u>1,167,250</u>	<u>604,840</u>	<u>2,000,000</u>	<u>1,000,000</u>

SOIL AND WATER LOANS (sec. 304).

A total of \$32,562,400 was obligated for insured soil and water loans to individuals in 1976 from the authorization available for insured real estate loans. Loan cost items totaled \$4,294.

The Appropriation Act for 1977 provided for real estate loans to be insured totaling \$520,000,000, including \$53,000,000 for insured soil and water loans to individuals. A total of \$5,000,000 has been reallocated to the irrigation and drainage association loan program from the soil and water individual loan program.

1. Applications: During 1976, 3,877 applications for new loans from individuals were received. On June 30, 1976, there were 1,948 applications on hand.
2. Number and amount of loans: The following table shows the number and amount of insured soil and water loans to individuals made in fiscal year 1976 and estimates for fiscal years 1977 and 1978.

<u>Fiscal Year 1976</u>			<u>Fiscal Year 1977 (Est.)</u>		<u>Fiscal Year 1978 (Est.)</u>	
<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	(thousands)			(thousands)		(thousands)
<u>Loans to</u>						
<u>Individuals:</u>						
<u>Insured soil</u>						
<u>and water</u>						
Initial	2,161	\$30,978.8	2,974	\$45,600.0	2,850	\$45,600.0
Subsequent .	132	1,583.6	156	2,400.0	150	2,400.0
Total	<u>2,293</u>	<u>32,562.4</u>	<u>3,130</u>	<u>48,000.0</u>	<u>3,000</u>	<u>48,000.0</u>

LOANS TO ASSOCIATIONS AND GROUPS

IRRIGATION AND DRAINAGE AND GRAZING LOANS TO ASSOCIATIONS (sec. 306).

A total of \$4,987,700 was obligated for these two types of insured loans to associations in 1976 from the authorization available for insured real estate loans. Of this amount, \$1,000,000 was obligated for loans to irrigation and drainage associations and \$3,987,700 for loans to grazing associations.

The Appropriation Act of 1977 provided for real estate loans to be insured totaling \$520,000,000 including \$1,000,000 for loans to irrigation and drainage associations and \$4,000,000 for loans to grazing associations. A total of \$5,000,000 has been reallocated to the irrigation and drainage association loan program from the soil and water individual loan program.

1. Applications: During 1976, 195 applications for new loans were received from associations involving irrigation and drainage and grazing activities. On June 30, 1976, there were 233 such applications on hand.
2. Number and amount of loans: The following table shows the number and amount of such insured loans to associations made in fiscal year 1976 and estimates for fiscal years 1977 and 1978.

<u>Fiscal Year 1976</u>			<u>Fiscal Year 1977 (Est.)</u>		<u>Fiscal Year 1978 (Est.)</u>	
<u>Number</u>	<u>Amount</u>		<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	(thousands)			(thousands)		(thousands)
<u>Loans to Associations:</u>						
<u>Irrigation and Drainage</u>						
Initial	6	\$ 969.5	24	\$5,700.0	19	\$4,750.0
Subsequent ..	<u>2</u>	<u>30.5</u>	<u>6</u>	<u>300.0</u>	<u>5</u>	<u>250.0</u>
Subtotal ..	<u>8</u>	<u>1,000.0</u>	<u>30</u>	<u>6,000.0</u>	<u>24</u>	<u>5,000.0</u>
<u>Grazing</u>						
Initial	9	3,482.7	8	3,600.0	7	3,600.0
Subsequent ..	<u>2</u>	<u>505.0</u>	<u>2</u>	<u>400.0</u>	<u>2</u>	<u>400.0</u>
Subtotal ..	<u>11</u>	<u>3,987.7</u>	<u>10</u>	<u>4,000.0</u>	<u>9</u>	<u>4,000.0</u>
Total	<u>19</u>	<u>4,987.7</u>	<u>40</u>	<u>10,000.0</u>	<u>32</u>	<u>9,000.0</u>

INDIAN TRIBE LAND ACQUISITION LOANS (sec. 306).

In fiscal year 1976, 1 initial loan for \$85,000 and 4 subsequent loans for \$3,063,000 were made. It is estimated that 7 initial loans for \$8,500,000 and 3 subsequent loans for \$1,500,000 will be made in fiscal years 1977 and 1978. A total of 6 applications for Indian Tribe land acquisition loans were received during the 1976 fiscal year, and 7 were on hand June 30, 1976.

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Soil and Water Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	242,650	122,990	344,000	358,000
Alaska	- -	- -	- -	- -
Arizona	435,000	305,660	700,000	730,000
Arkansas	1,466,120	548,390	1,900,000	1,800,000
California	158,700	575,910	690,000	720,000
Colorado	237,800	93,480	310,000	320,000
Connecticut	- -	- -	- -	- -
Delaware	15,500	- -	15,000	15,000
Florida	126,200	17,500	135,000	138,000
Georgia	551,710	140,100	650,000	675,000
Hawaii	30,000	26,750	53,000	55,000
Idaho	3,027,750	1,015,990	3,800,000	3,600,000
Illinois	315,360	205,390	490,000	520,000
Indiana	261,750	96,000	340,000	350,000
Iowa	820,990	456,980	1,200,000	1,250,000
Kansas	1,421,870	661,170	1,975,000	2,000,000
Kentucky	472,020	300,450	720,000	750,000
Louisiana	249,030	154,600	380,000	420,000
Maine	18,100	2,580	19,000	20,000
Maryland	- -	- -	- -	- -
Massachusetts	- -	- -	10,000	10,000
Michigan	555,650	388,430	884,000	925,000
Minnesota	1,796,980	1,194,020	2,800,000	2,800,000
Mississippi	104,380	134,540	220,000	230,000
Missouri	3,613,810	3,004,390	6,200,000	6,200,000
Montana	1,350,880	317,190	1,600,000	1,420,000
Nebraska	6,430,780	3,383,410	9,200,000	9,200,000
Nevada	208,900	218,500	400,000	420,000
New Hampshire	- -	- -	- -	- -
New Jersey	53,100	5,000	55,000	57,000
New Mexico	245,730	101,320	320,000	340,000
New York	1,030,290	1,106,990	2,000,000	2,050,000
North Carolina	502,470	159,200	620,000	640,000
North Dakota	235,000	47,920	260,000	270,000
Ohio	82,580	97,300	170,000	175,000
Oklahoma	1,558,620	388,990	1,820,000	1,800,000
Oregon	1,171,420	501,900	1,600,000	1,550,000
Pennsylvania	78,670	52,230	120,000	130,000
Rhode Island	- -	- -	- -	- -
South Carolina	9,900	176,400	175,000	195,000
South Dakota	1,613,320	1,042,920	2,500,000	2,350,000
Tennessee	226,400	179,230	380,000	420,000
Texas	618,120	369,850	930,000	975,000
Utah	356,490	195,730	520,000	550,000
Vermont	79,900	88,100	160,000	165,000
Virginia	- -	- -	- -	- -
Washington	339,660	311,120	610,000	650,000
West Virginia	1,800	- -	5,000	5,000
Wisconsin	247,300	231,150	450,000	475,000
Wyoming	168,000	66,850	220,000	225,000
Guam	- -	- -	- -	- -
Puerto Rico	31,700	21,200	50,000	52,000
Virgin Islands	- -	- -	- -	- -
Total	<u>32,562,400</u>	<u>18,507,820</u>	<u>48,000,000</u>	<u>48,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Irrigation and Drainage Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Colorado	- -	- -	- -	250,000
Idaho	132,500	3,113,000	1,000,000	1,000,000
Illinois	- -	- -	500,000	250,000
Indiana	- -	- -	1,500,000	500,000
Nevada	14,000	- -	- -	- -
Montana	135,000	400,000	1,000,000	1,000,000
Oregon	628,500	30,000	500,000	500,000
South Dakota	- -	235,000	1,000,000	1,000,000
Texas	90,000	25,000	- -	- -
Washington	- -	17,500	500,000	500,000
Wyoming	- -	9,500	- -	- -
Total	<u>1,000,000</u>	<u>3,830,000</u>	<u>6,000,000</u>	<u>5,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Grazing Association Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Arkansas	57,000	225,000	150,000	- -
Idaho	583,000	446,900	600,000	500,000
Montana	540,000	- -	1,000,000	700,000
New Mexico	276,000	- -	- -	- -
Oklahoma	1,012,000	- -	- -	- -
Oregon	615,000	- -	2,000,000	1,200,000
South Dakota	184,700	335,300	250,000	600,000
Wyoming	<u>720,000</u>	<u>- -</u>	<u>- -</u>	<u>1,000,000</u>
Total	<u>3,987,700</u>	<u>1,007,200</u>	<u>4,000,000</u>	<u>4,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Indian Tribe Land Acquisition
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Arizona	260,000	- -	- -	- -
Idaho	303,000	- -	- -	1,000,000
Minnesota	- -	- -	- -	500,000
Montana	1,500,000	2,000,000	3,500,000	2,000,000
North Dakota	- -	1,000,000	- -	- -
Oklahoma	85,000	- -	500,000	1,000,000
South Dakota	1,000,000	6,000,000	4,000,000	2,000,000
Washington	- -	- -	2,000,000	3,000,000
Wisconsin -	- -	- -	- -	500,000
Total	<u>3,148,000</u>	<u>9,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>

OPERATING LOANS (sec. 311).

The Appropriation Act of 1977 provided authority for a \$625,000,000 loan level for operating loans. A total of \$539,217,433 was obligated for operating loans in 1976. Loan cost items totaled \$122,773.

1. Applications: A total of 30,969 applications for initial operating loans were received in 1976. At the end of the year, 5,272 applications were on hand.
2. Number and amount of loans: The following tabulation shows the number and amount of initial and subsequent farm operating loans for fiscal year 1976 and estimates for fiscal years 1977 and 1978.

	<u>Fiscal Year 1976</u>		<u>Fiscal Year 1977 (Est.)</u>		<u>Fiscal Year 1978 (Est.)</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
<u>Farm Operating Loans:</u>						
Initial	17,172	\$ 279.5	19,450	\$ 345.0	18,500	\$ 345.0
Subsequent ...	26,876	259.7	29,176	280.0	27,810	280.0
Total	<u>44,048</u>	<u>539.2</u>	<u>48,626</u>	<u>625.0</u>	<u>46,310</u>	<u>625.0</u>

3. Collections: A summary of the current and cumulative activity on operating loans is tabulated below.

<u>Fiscal Year</u>	<u>Loan Advances</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
	(----- Dollars in Millions -----)			
1970	\$274.5	\$264.2	\$ 26.8	\$291.0
1971	273.7	277.3	41.3	318.6
1972	326.2	277.5	41.8	319.3
1973	446.8	292.3	49.1	341.4
1974	514.2	376.6	53.8	430.4
1975	526.3	352.9	60.5	413.4
1976	534.4	445.0	76.7	521.7

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Farm Operating Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	13,866,240	938,080	14,000,000	14,000,000
Alaska	600	--	500,000	500,000
Arizona	4,000,090	154,620	4,000,000	4,000,000
Arkansas	16,032,918	1,900,680	18,000,000	18,000,000
California	5,787,710	950,340	7,000,000	7,000,000
Colorado	5,738,350	444,680	7,000,000	7,000,000
Connecticut	489,040	146,000	1,000,000	1,000,000
Delaware	882,190	118,900	1,000,000	1,000,000
Florida	9,756,160	2,310,110	8,000,000	8,000,000
Georgia	26,451,730	2,779,560	23,500,000	23,500,000
Hawaii	345,480	123,450	500,000	500,000
Idaho	13,134,430	1,541,090	17,000,000	17,000,000
Illinois	12,647,190	1,609,330	16,000,000	16,000,000
Indiana	10,894,670	1,258,900	13,000,000	13,000,000
Iowa	17,542,060	1,699,143	23,000,000	23,000,000
Kansas	12,185,250	1,896,190	16,000,000	16,000,000
Kentucky	10,838,400	2,187,160	13,500,000	13,500,000
Louisiana	29,617,430	2,400,080	29,000,000	29,000,000
Maine	12,927,050	1,540,920	13,500,000	13,500,000
Maryland	3,773,850	546,250	4,000,000	4,000,000
Massachusetts	517,350	13,500	700,000	700,000
Michigan	12,866,290	1,806,110	13,500,000	13,500,000
Minnesota	16,621,952	2,347,810	21,000,000	21,000,000
Mississippi	21,033,108	3,173,110	25,500,000	25,500,000
Missouri	22,292,000	2,011,680	22,000,000	22,000,000
Montana	6,556,690	527,930	8,500,000	8,500,000
Nebraska	11,357,620	555,110	13,000,000	13,000,000
Nevada	989,170	49,750	1,500,000	1,500,000
New Hampshire	353,000	137,500	800,000	800,000
New Jersey	2,704,330	320,180	3,500,000	3,500,000
New Mexico	3,854,440	315,350	4,500,000	4,500,000
New York	11,291,300	2,510,080	16,000,000	16,000,000
North Carolina	36,773,350	10,845,150	41,000,000	41,000,000
North Dakota	13,599,560	1,652,970	15,000,000	15,000,000
Ohio	3,995,840	426,630	7,000,000	7,000,000
Oklahoma	17,576,970	4,341,040	23,000,000	23,000,000
Oregon	5,260,110	528,060	6,500,000	6,500,000
Pennsylvania	7,280,960	2,363,780	9,500,000	9,500,000
Rhode Island	64,140	--	500,000	500,000
South Carolina	15,593,810	3,876,910	16,000,000	16,000,000
South Dakota	18,124,645	1,173,580	22,000,000	22,000,000
Tennessee	10,002,020	1,359,240	13,000,000	13,000,000
Texas	47,181,810	5,673,130	54,000,000	54,000,000
Utah	2,348,630	298,840	4,000,000	4,000,000
Vermont	2,815,890	438,560	4,000,000	4,000,000
Virginia	8,668,160	1,051,030	8,500,000	8,500,000
Washington	7,258,150	625,770	8,500,000	8,500,000
West Virginia	2,255,040	483,680	3,500,000	3,500,000
Wisconsin	18,482,020	2,747,890	22,500,000	22,500,000
Wyoming	3,137,670	68,580	4,500,000	4,500,000
Guam	--	--	--	--
Puerto Rico	1,450,570	607,070	1,900,000	1,900,000
Virgin Islands	--	--	100,000	100,000
Total	<u>539,217,433</u>	<u>76,875,503</u>	<u>625,000,000</u>	<u>625,000,000</u>

EMERGENCY LOANS (sec. 321).

As of June 30, 1976, the cumulative principal outstanding for emergency loans was \$953 million. Since the inception of the program loan advances have totaled \$3,413 million, and loan repayments have been \$1,885 million. Loan repayments do not include amounts written off under various authorities.

Loan Obligations: Direct emergency loans obligated from the Emergency Credit Revolving Fund from fiscal years 1970 through 1972 and emergency loans obligated from the Agricultural Credit Insurance Fund from fiscal years 1972 through 1976, and estimates for fiscal years 1977 and 1978 are shown below:

<u>Fiscal Year</u>	<u>Initial</u>		<u>Subsequent</u>		<u>Total</u>	
	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
	(----- Dollars in Thousands -----)					
1970 (direct)	7,808	\$56,371	4,979	\$33,116	12,787	\$89,487
1971 (direct)	16,025	101,216	3,779	26,419	19,804	127,636
1972 (direct)	2,750	22,338	1,127	7,166	3,877	29,504
1972 (insured)	6,966	61,082	2,136	18,325	9,102	79,408
1973 (insured)	124,783	527,727	3,884	30,043	128,667	557,770
1974 (insured)	22,016	117,362	418	10,975	22,434	128,337
1975 (insured)	42,976	722,264	699	12,757	43,675	735,021
1976 (insured)	11,880	321,396	4,998	156,316	16,878	477,712
Est. 1977						
(insured)	2,300	70,000	1,000	30,000	3,300	100,000
Est. 1978						
(insured)	4,400	140,000	1,900	60,000	6,300	200,000

EMERGENCY LIVESTOCK LOANS

Since the inception of the emergency livestock credit program on July 25, 1974, \$778,384,010 has been obligated through September 30, 1976. Loan defaults by borrowers through the same period has been \$738,190. In fiscal year 1977 it is estimated that 2,400 loans will be made for \$350,000,000. It is estimated that in fiscal year 1978, 2,450 loans will be made for \$371,615,990.

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund

Account

Emergency Loans

Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	706,580	9,540	- -	- -
Alaska	- -	- -	- -	- -
Arizona	- -	- -	- -	- -
Arkansas	6,574,190	579,000	- -	- -
California	179,000	319,420	- -	- -
Colorado	- -	- -	- -	- -
Connecticut	- -	- -	- -	- -
Delaware	422,660	26,000	- -	- -
Florida	2,805,440	4,000	- -	- -
Georgia	1,199,590	76,610	- -	- -
Hawaii	- -	- -	- -	- -
Idaho	474,960	6,531,130	- -	- -
Illinois	15,520,220	36,490	- -	- -
Indiana	7,380,845	77,000	- -	- -
Iowa	21,655,860	557,090	- -	- -
Kansas	7,251,860	3,000	- -	- -
Kentucky	607,050	10,000	- -	- -
Louisiana	13,737,550	1,386,900	- -	- -
Maine	25,000	- -	- -	- -
Maryland	552,420	20,750	- -	- -
Massachusetts	- -	- -	- -	- -
Michigan	28,054,240	3,073,920	- -	- -
Minnesota	32,299,494	2,200,410	- -	- -
Mississippi	111,156,490	8,430,630	- -	- -
Missouri	46,266,780	3,932,610	- -	- -
Montana	1,186,060	551,000	- -	- -
Nebraska	15,445,420	935,580	- -	- -
Nevada	272,900	- -	- -	- -
New Hampshire	- -	- -	- -	- -
New Jersey	3,143,250	185,710	- -	- -
New Mexico	2,296,370	12,600	- -	- -
New York	1,145,840	139,000	- -	- -
North Carolina	11,818,790	1,867,550	- -	- -
North Dakota	16,284,020	399,890	- -	- -
Ohio	122,300	26,000	- -	- -
Oklahoma	513,770	200,220	- -	- -
Oregon	162,000	- -	- -	- -
Pennsylvania	31,000	- -	- -	- -
Rhode Island	- -	- -	- -	- -
South Carolina	301,580	25,000	- -	- -
South Dakota	14,880,980	4,118,370	- -	- -
Tennessee	6,951,455	159,670	- -	- -
Texas	34,979,360	1,089,520	- -	- -
Utah	238,070	- -	- -	- -
Vermont	38,200	- -	- -	- -
Virginia	263,080	1,522,830	- -	- -
Washington	816,950	12,000	- -	- -
West Virginia	17,300	- -	- -	- -
Wisconsin	67,800,985	2,332,460	- -	- -
Wyoming	1,202,690	- -	- -	- -
Guam	- -	558,650	- -	- -
Puerto Rico	926,540	92,060	- -	- -
Virgin Islands	2,680	- -	- -	- -
Total	<u>477,711,819</u>	<u>41,502,610</u>	<u>100,000,000 a/</u>	<u>200,000,000 a/</u>

a/ These amounts cannot be distributed by geographic area at this time.

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Emergency Livestock Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	776,930	260,000	850,000	898,000
Alaska	- -	- -	- -	- -
Arizona	3,382,345	1,050,000	3,600,000	3,800,000
Arkansas	2,208,510	415,400	2,125,000	2,275,000
California	6,329,455	2,636,360	7,450,000	7,950,000
Colorado	5,071,238	1,031,800	5,100,000	5,400,000
Connecticut	20,000	- -	20,000	13,600
Delaware	- -	- -	- -	- -
Florida	1,634,000	150,000	1,550,000	1,596,400
Georgia	701,450	98,000	650,000	680,000
Hawaii	141,190	124,720	210,000	237,000
Idaho	6,069,995	359,000	5,250,000	5,650,000
Illinois	330,230	1,105,000	1,150,000	1,230,000
Indiana	1,571,600	-350,000	1,000,000	1,100,000
Iowa	21,779,710	6,474,970	23,200,000	24,694,000
Kansas	22,620,445	4,811,940	22,550,000	23,950,000
Kentucky	186,000	315,000	400,000	445,000
Louisiana	3,547,535	192,000	3,050,000	3,280,000
Maine	375,000	- -	300,000	330,000
Maryland	801,420	15,070	670,000	714,000
Massachusetts	95,000	- -	80,000	81,000
Michigan	2,640,750	1,389,050	3,325,000	3,525,000
Minnesota	9,918,627	2,048,780	9,850,000	10,450,000
Mississippi	3,298,675	35,300	2,725,000	2,875,600
Missouri	5,485,080	1,452,000	5,700,000	6,050,000
Montana	18,222,036	2,089,220	16,700,000	17,700,200
Nebraska	10,902,500	2,415,830	11,000,000	11,500,000
Nevada	720,000	146,780	750,000	788,000
New Hampshire	- -	- -	- -	- -
New Jersey	250,000	- -	210,000	214,000
New Mexico	2,114,500	2,262,760	3,600,000	3,800,000
New York	6,923,720	2,527,880	7,800,000	8,300,000
North Carolina	1,601,190	855,000	2,050,000	2,150,000
North Dakota	13,279,792	4,756,260	14,850,000	15,733,000
Ohio	227,000	300,000	450,000	445,000
Oklahoma	59,497,561	19,724,640	65,000,000	69,250,000
Oregon	2,104,536	100,000	1,800,000	2,010,000
Pennsylvania	41,000	- -	35,000	35,000
Rhode Island	- -	- -	- -	- -
South Carolina	430,000	475,000	750,000	788,190
South Dakota	34,389,903	5,619,530	33,000,000	34,800,000
Tennessee	1,073,181	65,000	950,000	1,008,000
Texas	58,011,801	24,715,270	68,000,000	72,253,000
Utah	982,000	63,000	875,000	995,000
Vermont	- -	- -	- -	- -
Virginia	669,440	1,079,300	1,425,000	1,512,000
Washington	5,322,450	880,210	5,100,000	5,380,000
West Virginia	- -	- -	- -	- -
Wisconsin	4,724,172	1,490,030	5,100,000	5,380,000
Wyoming	10,588,723	1,255,760	9,750,000	10,350,000
Guam	- -	- -	- -	- -
Puerto Rico	- -	- -	- -	- -
Virgin Islands	- -	- -	- -	- -
Total	<u>331,060,690</u>	<u>94,435,860</u>	<u>350,000,000</u>	<u>371,615,990</u>

WATERSHED WORKS OF IMPROVEMENT AND FLOOD PREVENTION LOANS (sec. 8-P.L. 83-566).

Number and amount of loans; The following table shows the number and amount of watershed works of improvement and flood prevention loans made in fiscal year 1976 and estimates for fiscal years 1977 and 1978.

	Fiscal Year 1976		Fiscal Year 1977 (Est.)		Fiscal Year 1978 (Est.)	
	Number	Amount (thousands)	Number	Amount (thousands)	Number	Amount (thousands)
<u>Watershed works of improvement loans</u>						
Initial	1	\$ 508.0	25	\$18,000.0	23	\$18,000.0
Subsequent	1	250.0	15	5,000.0	14	5,000.0
Subtotal	<u>2</u>	<u>758.0</u>	<u>40</u>	<u>23,000.0</u>	<u>37</u>	<u>23,000.0</u>
<u>Flood prevention loans</u>						
Initial	1	19.8	4	400.0	4	400.0
Subsequent	--	--	--	--	--	--
Subtotal	<u>1</u>	<u>19.8</u>	<u>4</u>	<u>400.0</u>	<u>4</u>	<u>400.0</u>
Total	<u>3</u>	<u>777.8</u>	<u>44</u>	<u>23,400.0</u>	<u>41</u>	<u>23,400.0</u>

Characteristics of loan requests: Applications for loans received by the Farmers Home Administration have varied greatly in amount. The applications now pending average about \$625,000 each. Most applications have included requests for funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organizations' share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty and other multiple-purpose improvements.

RESOURCE CONSERVATION AND DEVELOPMENT LOANS (sec. 102-P.L. 87-703).

Number and amount of loans: The following table shows the number and amount of resource conservation and development loans made in fiscal year 1976 and estimates for fiscal years 1977 and 1978.

	Fiscal Year 1976		Fiscal Year 1977 (Est.)		Fiscal Year 1978 (Est.)	
	Number	Amount (thousands)	Number	Amount (thousands)	Number	Amount (thousands)
<u>Resource conservation and development loans</u>						
Initial	11	\$961.5	30	\$3,200.0	29	\$3,200.0
Subsequent	3	131.7	8	400.0	7	400.0
Total	<u>14</u>	<u>1,093.2</u>	<u>38</u>	<u>3,600.0</u>	<u>36</u>	<u>3,600.0</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Watershed Improvement Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	--		200,000	200,000
Alaska	--		200,000	200,000
Arizona	--		100,000	100,000
Arkansas	--	550,000	1,000,000	1,000,000
California	--	727,000	500,000	500,000
Colorado	--		300,000	300,000
Connecticut	--		100,000	100,000
Delaware	--		100,000	100,000
Florida	--		200,000	200,000
Georgia	--	180,000	1,000,000	1,000,000
Hawaii	--		100,000	100,000
Idaho	--		500,000	500,000
Illinois	--		1,000,000	1,000,000
Indiana	--		500,000	500,000
Iowa	--		500,000	500,000
Kansas	--		200,000	200,000
Kentucky	--		200,000	200,000
Louisiana	--		500,000	500,000
Maine	--		200,000	200,000
Maryland	--		100,000	100,000
Massachusetts	--		100,000	100,000
Michigan	--		300,000	300,000
Minnesota	250,000	702,300	400,000	400,000
Mississippi	--	2,161,000	500,000	500,000
Missouri	--		400,000	400,000
Montana	--		200,000	200,000
Nebraska	--		100,000	100,000
Nevada	--		100,000	100,000
New Hampshire	--		100,000	100,000
New Jersey	--		100,000	100,000
New Mexico	--		100,000	100,000
New York	508,000		500,000	500,000
North Carolina	--	250,000	1,000,000	1,000,000
North Dakota	--		400,000	400,000
Ohio	--		200,000	200,000
Oklahoma	--	296,700	800,000	800,000
Oregon	--	627,000	1,500,000	1,500,000
Pennsylvania	--		400,000	400,000
Rhode Island	--		100,000	100,000
South Carolina	--		1,000,000	1,000,000
South Dakota	--		500,000	500,000
Tennessee	--		1,000,000	1,000,000
Texas	--		2,000,000	2,000,000
Utah	--		500,000	500,000
Vermont	--		100,000	100,000
Virginia	--		500,000	500,000
Washington	--		1,000,000	1,000,000
West Virginia	--	105,000	500,000	500,000
Wisconsin	--	500,000	500,000	500,000
Wyoming	--		300,000	300,000
Puerto Rico	--		200,000	200,000
Virgin Islands	--		100,000	100,000
Total	<u>758,000</u>	<u>6,099,000</u>	<u>23,000,000</u>	<u>23,000,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Flood Prevention Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
California	- -	- -	50,000	50,000
Georgia	19,800	-19,800	50,000	50,000
Iowa	- -	- -	25,000	25,000
Mississippi	- -	20,000	100,000	100,000
Texas	- -	- -	100,000	100,000
Virginia	- -	- -	40,000	40,000
West Virginia	- -	- -	35,000	35,000
Total	<u>19,800</u>	<u>200</u>	<u>400,000</u>	<u>400,000</u>

FARMERS HOME ADMINISTRATION

Agricultural Credit Insurance Fund
Account

Resource Conservation and Development Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	147,500	- -	70,000	70,000
Alaska	- -	- -	40,000	40,000
Arizona	- -	- -	70,000	70,000
Arkansas	40,000	- -	70,000	70,000
California	- -	80,000	40,000	40,000
Colorado	- -	- -	100,000	100,000
Connecticut	- -	- -	40,000	40,000
Delaware	- -	- -	30,000	30,000
Florida	- -	- -	90,000	90,000
Georgia	- -	- -	100,000	100,000
Hawaii	- -	120,000	50,000	50,000
Idaho	- -	280,000	100,000	100,000
Illinois	- -	- -	100,000	100,000
Indiana	- -	- -	50,000	50,000
Iowa	- -	- -	100,000	100,000
Kansas	- -	- -	50,000	50,000
Kentucky	- -	- -	80,000	80,000
Louisiana	- -	- -	50,000	50,000
Maine	- -	- -	50,000	50,000
Maryland	- -	- -	60,000	60,000
Massachusetts	- -	- -	60,000	60,000
Michigan	- -	- -	80,000	80,000
Minnesota	- -	- -	100,000	100,000
Mississippi	- -	- -	100,000	100,000
Missouri	- -	- -	50,000	50,000
Montana	317,200	259,000	80,000	80,000
Nebraska	- -	- -	70,000	70,000
Nevada	- -	- -	30,000	30,000
New Hampshire	- -	- -	50,000	50,000
New Jersey	- -	- -	20,000	20,000
New Mexico	- -	180,000	70,000	70,000
New York	- -	- -	100,000	100,000
North Carolina	- -	- -	100,000	100,000
North Dakota	- -	- -	100,000	100,000
Ohio	- -	- -	50,000	50,000
Oklahoma	80,000	- -	50,000	50,000
Oregon	10,000	- -	70,000	70,000
Pennsylvania	- -	- -	70,000	70,000
Rhode Island	- -	- -	30,000	30,000
South Carolina	- -	- -	100,000	100,000
South Dakota	250,000	- -	100,000	100,000
Tennessee	70,000	- -	70,000	70,000
Texas	- -	- -	100,000	100,000
Utah	106,000	60,000	70,000	70,000
Vermont	- -	- -	50,000	50,000
Virginia	- -	- -	70,000	70,000
Washington	- -	- -	100,000	100,000
West Virginia	- -	- -	80,000	80,000
Wisconsin	- -	- -	80,000	80,000
Wyoming	72,500	485,000	70,000	70,000
Guam	- -	- -	- -	- -
Puerto Rico	- -	- -	50,000	50,000
Virgin Islands	- -	- -	40,000	40,000
Total	<u>1,093,200</u>	<u>1,464,000</u>	<u>3,600,000</u>	<u>3,600,000</u>

Rural Development Insurance Fund

(a) Reimbursement for Losses

Appropriation Act, 1977	\$47,484,000
Budget Estimate, 1978	<u>75,547,000</u>
Increase in Appropriation	<u>+28,063,000</u>

PROJECT STATEMENT

(On basis of appropriation)

Project	1976	1977	Increase or Decrease	1978 (estimated)
Reimbursement for losses:				
Community Facilities:				
Water Supply	\$18,163,000	\$33,461,000	+\$14,200,000	\$47,661,000
Waste Disposal	4,650,000	7,871,000	+5,081,000	12,952,000
Combination Water Supply and Waste Disposal	2,418,000	4,381,000	+2,145,000	6,526,000
Community Facilities:				
Other than Water and Waste Loans	-17,000	1,551,000	+6,499,000	8,050,000
Business and Industrial Loans	- -	220,000	+138,000	358,000
Total appropriation	25,214,000	47,484,000	+28,063,000	75,547,000

EXPLANATION OF PROGRAM

This appropriation is proposed to reimburse the Rural Development Insurance Fund for funded losses incurred in fiscal year 1976 and the transition quarter, a total of 15 months.

JUSTIFICATION OF INCREASE

(1) An increase of \$28,063,000 for reimbursement of losses (\$47,484,000) available in 1977).

The amount requested will reimburse the Rural Development Insurance Fund for losses incurred through September 30, 1976. Losses result primarily from the difference between interest rates charged to borrowers and the rate which the Government must pay for its own borrowing. Many of the loans made from this fund are subject to an interest rate ceiling which was set by statute in July 1954. As interest rates have increased generally since then, this limitation has prevented the Government from recovering its own costs, and has effectively created subsidized loan programs. Interest losses in FY 1976 amounted to \$74,787,000. The estimated loss for FY 1977 is \$80,233,000 and for FY 1978 is \$103,629,000.

An analysis by loan program of the accrued operating deficit, exclusive of unfunded losses, is shown in the following table. In accordance with the accounting principles and standards followed by FmHA, this schedule is prepared on an accrual basis.

Rural Development Insurance Fund
Operating Income and Expense Statement
(Dollars in Thousands)

	Income			Expense			Net
	Interest	Other	Total	Interest	Write-offs	Other	Total
1976 Actual							
Loans:							
Community Facilities:							
Water Supply	\$52,034	\$25	\$52,059	\$99,697	--	\$23	\$99,720
Waste Disposal	16,774	4	16,778	29,711	--	19	29,730
Combination Water Supply and Waste Disposal	7,520	2	7,522	14,043	--	5	14,048
Community Facilities:							
Other than Water and Waste Loans	6,546	2	6,548	14,598	--	--	14,598
Business and Industrial Loans	1,186	--	1,186	798	--	746	1,544
TOTAL	84,060	33	84,093	158,847	--	793	159,640
a/ This amount is the net operating income and expense for fiscal year 1976 and the transition quarter, a total of 15 months.							
1977 Estimate							
Loans:							
Community Facilities:							
Water Supply	65,946	8	65,954	117,291	--	18	117,309
Waste Disposal	21,201	--	21,201	34,926	--	15	34,941
Combination Water Supply and Waste Disposal	9,588	--	9,588	16,436	--	4	16,440
Community Facilities:							
Other than Water and Waste Loans	8,310	--	8,310	17,183	--	--	17,183
Business and Industrial Loans	1,492	--	1,492	934	--	730	1,664
TOTAL	106,537	8	106,545	186,770	--	767	187,537
-80,992							

Rural Development Insurance Fund

Operating Income and Expense Statement - Continued
(Dollars in Thousands)

	Income		Expense			Net	
	Interest	Other	Total	Interest	Write-offs	Other	Total
<u>1978 Estimate</u>							
<u>Loans:</u>							
<u>Community Facilities:</u>							
Water Supply	\$90,114	\$ 6	\$90,120	\$156,503	--	\$18	\$156,521
Waste Disposal	28,971	--	28,971	46,602	--	15	46,617
Combination Water Supply and Waste Disposal	13,102	--	13,102	21,931	--	4	21,935
<u>Community Facilities:</u>							
Other than Water and Waste Loans	11,355	--	11,355	22,927	--	--	22,927
Business and Industrial Loans	2,038	--	2,038	1,246	--	1,200	2,446
TOTAL	145,580	6	145,586	249,209	--	1,237	250,446
							-104,860

The following schedules present an analysis of outlays by loan program for fiscal years 1976, 1977 and 1978,

Rural Development Insurance Fund

Analysis of Outlays by Loan Program

Fiscal Year 1976 Actual

(In Thousands of Dollars)

	Water Supply Loans	Waste Disposal Loans	Combined Water Supply & Waste Dis- posal Loans	Insured Community Facilities Loans	Insured Business & Industrial Loans	Total
<u>Funds for program operations:</u>						
<u>Funds expended:</u>						
Loans made by the fund	276,134	95,115	45,970	118,562	4,047	539,827
Purchase of loans	75,418	14,714	6,399	5,284	391	102,207
Collections disbursed to investors	30,323	5,578	3,461	--	--	39,362
Interest expense	55,169	17,924	7,883	6,170	456	87,602
Loss settlement, guarantee loans	--	--	--	--	230	230
Other	19,205	5,375	2,657	1,583	118	28,938
Total funds expended	456,249	138,706	66,370	131,599	5,242	798,166
<u>Funds received:</u>						
Repayments on loans	7,461	4,121	1,035	913	85	13,616
Payment of interest on loans	32,145	11,242	4,615	2,335	789	51,127
Sale of loans	365,591	122,143	52,669	47,494	3,516	591,413
Collections received for investors	31,687	6,629	3,565	--	--	41,881
Insurance premiums and guarantee fees	9	--	--	--	299	308
Other	11,812	3,099	1,542	1,270	91	17,813
Total funds received	448,705	147,235	63,426	52,013	4,779	716,157
Outlays	7,544	8,529	2,944	79,586	463	82,008

Rural Development Insurance Fund

Analysis of Outlays by Loan Program
Fiscal Year 1977 Estimate
(In Thousands of Dollars)

	Water Supply Loans	Waste Disposal Loans	Combined Water Supply & Waste Dis- posal Loans	Insured Communities Facilities Loans	Insured Business & Industrial Loans	Total
<u>Funds for program operations:</u>						
Funds expended:						
Loans made by the fund	314,714	141,832	62,597	172,051	13,823	705,017
Purchase of loans	74,999	14,634	6,301	5,284	406	101,624
Collections disbursed to investors	29,904	5,515	3,417	--	--	38,836
Interest expense	99,042	32,228	14,149	11,004	786	157,209
Loss settlement, guarantee loans	--	--	--	--	730	730
Other	1,705	476	236	140	31	2,588
Total funds expended	520,364	194,685	86,700	188,479	15,776	1,006,004
Funds received:						
Repayments on loans	-12,668	-7,004	-1,757	-1,549	-139	-23,117
Payment of interest on loans	-50,929	-17,813	-7,287	-3,725	-1,214	-80,968
Sale of loans	-498,801	-167,074	-71,834	-64,570	-4,843	-807,122
Collections received for investors	-30,886	-6,446	-3,468	--	--	-40,800
Insurance premiums and guarantee fees	-6	--	--	--	-750	-756
Other	-1,691	-444	-222	-181	-12	-2,550
Total funds received	-594,981	-198,781	-84,568	-70,025	-6,958	-955,313
Outlays	-74,617	-4,096	2,132	118,454	8,818	50,691

Rural Development Insurance Fund

Analysis of Outlays by Loan Program
Fiscal Year 1978 Estimate
(In Thousands of Dollars)

	Water Supply Loans	Waste Disposal Loans	Combined Water Supply & Waste Dis- posal Loans	Insured Community Facilities Loans	Insured Business & Industrial Loans	Total
Funds for program operations:						
Funds expended:						
Loans made by the fund	325,670	157,965	55,612	201,923	18,656	759,826
Purchase of loans	70,771	13,809	5,945	4,987	384	95,896
Collections disbursed to investors	26,082	4,810	2,981	--	--	33,873
Interest expense	137,094	44,610	19,585	15,233	1,088	217,610
Loss settlement, guarantee loans	--	--	--	--	1,200	1,200
Other	1,462	408	202	120	26	2,218
Total funds expended	561,079	221,602	84,325	222,263	21,354	1,110,623
Funds received:						
Repayments on loans	-18,036	-9,972	-2,501	-2,205	-198	-32,912
Payment of interest on loans	-69,592	-24,341	-9,958	-5,089	-1,660	-110,640
Sale of loans	-506,740	-169,733	-72,977	-65,598	-4,920	-819,968
Collections received for investors	-26,495	-5,530	-2,975	--	--	-35,000
Insurance premiums and guarantee fees	-3	--	--	--	-850	-853
Other	-1,425	-374	-187	-153	-11	-2,150
Total funds received	-622,291	-209,950	-88,598	-73,045	-7,639	-1,001,523
Outlays	-61,212	11,652	-4,273	149,218	13,715	109,100

The following schedule presents an analysis of change in the cash position of the fund.

Rural Development Insurance Fund

Change in Cash Position of the Fund
(In Thousands of Dollars)

	<u>1976</u> <u>Actual</u>	<u>1977</u> <u>Estimated</u>	<u>1978</u> <u>Estimated</u>
Cash balance, beginning of period	<u>58,098</u>	<u>111,758^{a/}</u>	<u>108,551</u>
Outlays	<u>-82,008</u>	<u>-50,691</u>	<u>-109,100</u>
Funds for financing:			
Treasury borrowings	<u>35,000</u>	<u>--</u>	<u>--</u>
Appropriation for reimbursement of losses	<u>25,214</u>	<u>47,484</u>	<u>75,547</u>
Repayment of borrowings from Treasury	<u>--</u>	<u>--</u>	<u>--</u>
Net financing	<u>60,214</u>	<u>47,484</u>	<u>75,547</u>
Cash balance, end of period	<u>36,304^{a/}</u>	<u>108,551</u>	<u>74,998</u>

^{a/} The transition quarter is not reported, therefore, these balances are not the same.

As of September 30, 1978, the principal amount of contingent liabilities under insurance programs is estimated to be \$4,302.8 million. The projected liability for premium interest on loans held by investors through the end of the holding period and on certificates of beneficial ownership throughout the life of the certificates is estimated to be \$389.1 million.

(b) Loan Levels

	<u>1976</u> <u>Actual</u>	<u>1977</u> <u>Estimated</u>	<u>Change</u> <u>1978 over</u> <u>1977</u>	<u>1978</u> <u>Estimated</u>
	(----- Dollars in thousands -----)			
Rural Development Assistance:				
Water and waste disposal loans:				
Water supply	268,136	365,400	--	365,400
Waste disposal	140,025	186,600	--	186,600
Combination water supply and waste disposal	<u>34,481</u>	<u>48,000</u>	<u>--</u>	<u>48,000</u>
Subtotal, water and waste disposal loans	442,642	600,000	--	600,000
Community facilities loans	170,201	200,000	--	200,000
Business & Industrial loans	<u>274,164</u>	<u>350,000</u>	<u>--</u>	<u>350,000</u>
Total	<u>887,006</u>	<u>1,150,000</u>	<u>--</u>	<u>1,150,000</u>

EXPLANATION OF PROGRAM

The Rural Development Act of 1972 authorized the establishment of the Rural Development Insurance Fund under section 309A of the Consolidated Farm and Rural Development Act. This Act provided for transfer to the Rural Development Insurance Fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. This fund is used to insure or guarantee loans related to water and waste disposal facilities, the development of rural business, community facilities, pollution abatement, and economic development in rural areas.

1. Water and waste disposal systems loans. Loans are made to organizations including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which applicants are located for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at a 5 percent rate.
2. Community facility loans. Loans are made to organizations, including certain Indian tribes and corporations not operated for profit, and public and quasi-public agencies, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, transportation, traffic control, and community, social, cultural, and recreational benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 10,000 population.

Applicants must be unable to obtain sufficient credit elsewhere to finance actual needs at reasonable rates and terms, taking into consideration prevailing private and cooperative rates and terms in the community in or near which applicants are located for loans for similar purposes and periods of time. Loans are repayable in not more than 40 years and bear interest at a 5 percent rate.

3. Business and industrial development loans. These loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals for the purpose of improving, developing, or financing business, industry, and employment, or improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, leases, machinery, supplies and materials; and payment of start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of 25,000 or less. To obtain a loan, a borrower must have the legal capacity necessary for constructing, operating, and maintaining the proposed facility and for obtaining, securing, and repaying the loan. A borrower must be financially sound and so organized and managed that efficient service will be provided. Loans may be fully insured by FmHA or guaranteed by FmHA not to exceed 90 percent of the loss. Guaranteed loans are repayable in not more than 30 years, depending on the loan purpose, and bear interest at a rate agreed upon by the lender and borrower. Insured loans are repayable in not more than 30 years except those made for community facilities which are repayable in not more than 40 years. Insured loan interest rates are based on rates paid by the U. S. Treasury on obligations of similar maturity except that the rate on loans for community facilities is 5 percent.

STATUS OF PROGRAM

The Appropriation Act for 1977 provided for loans to be insured from the Rural Development Insurance Fund totaling \$1,150,000,000, including \$600,000,000 for loans for water systems and waste disposal facilities, \$200,000,000 for loans for community facilities and \$350,000,000 for loans for industrial development.

Number and amount of loans: The following table shows the number and amount of loans made in fiscal year 1976 and estimates for fiscal year 1977 and 1978.

	<u>1976 Actual</u>		<u>1977 Estimate</u>		<u>1978 Estimate</u>	
	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)	<u>Number</u>	<u>Amount</u> (millions)
<u>Water and Waste Disposal</u>						
<u>Systems (sec. 306)</u>						
Water supply						
Initial	354	168.5	460	228.9	436	228.9
Subsequent	498	99.6	635	134.5	603	134.5
Subtotal	852	268.1	1,095	363.4	1,039	363.4
Waste disposal						
Initial	199	111.6	255	151.8	242	151.8
Subsequent	132	28.3	170	38.0	162	38.0
Subtotal	331	140.0	425	189.8	404	189.8
Combination water supply and waste disposal						
Initial	44	28.0	57	37.9	54	37.9
Subsequent	18	6.5	23	8.9	22	8.9
Subtotal	62	34.5	80	46.8	76	46.8
Total	1,245	442.6	1,600	600.0	1,519	600.0
<u>Community Facilities</u>						
<u>(sec. 306)</u>						
Initial	286	158.2	303	180.0	281	175.0
Subsequent	46	12.0	67	20.0	70	25.0
Total	332	170.2	370	200.0	351	200.0
<u>Industrial Development</u>						
<u>(sec. 310B)</u>						
Initial	410	250.6	478	315.0	433	315.0
Subsequent	74	23.6	105	35.0	95	35.0
Total	484	274.2	583	350.0	528	350.0
Grand total	2,061	887.0	2,553	1,150.0	2,398	1,150.0

FARMERS HOME ADMINISTRATION

Rural Development Insurance Fund
Account

Water and Waste Disposal Loans
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/O</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	15,868,500	6,019,500	21,000,000	21,000,000
Alaska	967,000	241,000	1,500,000	1,500,000
Arizona	3,846,000	2,100,000	5,000,000	5,000,000
Arkansas	9,184,300	3,855,100	13,000,000	13,000,000
California	11,113,948	3,285,983	16,000,000	16,000,000
Colorado	3,369,000	2,839,000	5,500,000	5,500,000
Connecticut	1,260,000	- -	4,500,000	4,500,000
Delaware	- -	- -	1,500,000	1,500,000
Florida	11,640,100	2,306,800	14,500,000	14,500,000
Georgia	11,733,000	4,073,000	20,000,000	20,000,000
Hawaii	1,000,000	800,000	3,000,000	3,000,000
Idaho	3,147,287	317,000	3,500,000	3,500,000
Illinois	11,889,500	3,969,000	16,000,000	16,000,000
Indiana	12,160,000	5,304,000	16,000,000	16,000,000
Iowa	8,972,700	3,026,400	11,500,000	11,500,000
Kansas	6,301,000	1,515,100	7,500,000	7,500,000
Kentucky	14,333,100	3,959,000	18,500,000	18,500,000
Louisiana	8,363,700	2,384,400	16,000,000	16,000,000
Maine	6,296,000	3,629,000	9,000,000	9,000,000
Maryland	2,580,200	283,500	6,000,000	6,000,000
Massachusetts	4,596,500	1,316,700	6,000,000	6,000,000
Michigan	13,122,000	4,197,000	18,000,000	18,000,000
Minnesota	12,013,500	3,372,000	15,000,000	15,000,000
Mississippi	24,342,000	2,822,900	22,000,000	22,000,000
Missouri	9,308,800	5,523,200	15,000,000	15,000,000
Montana	2,509,700	300,000	3,500,000	3,500,000
Nebraska	1,802,300	1,901,200	6,000,000	6,000,000
Nevada	408,000	- -	1,000,000	1,000,000
New Hampshire	1,359,700	200,000	2,500,000	2,500,000
New Jersey	7,881,100	5,145,400	12,000,000	12,000,000
New Mexico	3,166,500	698,000	4,500,000	4,500,000
New York	18,206,600	4,965,600	20,000,000	20,000,000
North Carolina	22,060,700	10,284,700	31,000,000	31,000,000
North Dakota	9,010,000	1,625,000	8,500,000	8,500,000
Ohio	16,340,700	6,635,000	22,000,000	22,000,000
Oklahoma	9,979,600	2,931,400	14,000,000	14,000,000
Oregon	4,616,000	1,145,000	6,000,000	6,000,000
Pennsylvania	22,109,000	5,872,900	29,000,000	29,000,000
Rhode Island	1,650,000	- -	1,000,000	1,000,000
South Carolina	10,059,200	7,510,100	17,000,000	17,000,000
South Dakota	5,060,400	3,987,000	7,000,000	7,000,000
Tennessee	15,105,000	4,111,000	20,000,000	20,000,000
Texas	20,827,200	6,997,000	27,500,000	27,500,000
Utah	2,748,000	674,500	3,000,000	3,000,000
Vermont	2,684,000	-850,000	3,000,000	3,000,000
Virginia	13,332,400	3,357,500	19,000,000	19,000,000
Washington	4,650,000	1,811,700	7,000,000	7,000,000
West Virginia	10,764,000	2,627,000	12,500,000	12,500,000
Wisconsin	10,636,000	2,638,000	14,000,000	14,000,000
Wyoming	1,258,600	284,500	1,500,000	1,500,000
Guam	- -	- -	- -	- -
Puerto Rico	17,009,000	2,865,000	21,500,000	21,500,000
Virgin Islands	- -	- -	500,000	500,000
Total	<u>442,641,835</u>	<u>144,857,083</u>	<u>600,000,000</u>	<u>600,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Development Insurance Fund

Account

Community Facilities Loans

Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	5,972,200	1,297,500	6,000,000	6,000,000
Alaska	400,000	- -	500,000	500,000
Arizona	2,785,000	804,000	2,000,000	2,000,000
Arkansas	2,250,000	1,025,000	4,500,000	4,500,000
California	6,268,000	1,148,000	6,000,000	6,000,000
Colorado	3,640,000	2,325,000	2,000,000	2,000,000
Connecticut	1,766,000	321,400	2,000,000	2,000,000
Delaware	- -	154,900	500,000	500,000
Florida	3,317,000	1,596,000	5,000,000	5,000,000
Georgia	1,400,000	505,000	7,000,000	7,000,000
Hawaii	- -	- -	1,000,000	1,000,000
Idaho	1,115,000	92,000	1,500,000	1,500,000
Illinois	5,342,800	687,000	5,500,000	5,500,000
Indiana	6,435,000	1,797,900	5,500,000	5,500,000
Iowa	1,560,000	695,000	4,000,000	4,000,000
Kansas	- -	- -	2,500,000	2,500,000
Kentucky	7,183,000	694,000	6,500,000	6,500,000
Louisiana	760,000	420,000	5,500,000	5,500,000
Maine	6,574,000	2,428,000	2,500,000	2,500,000
Maryland	1,387,600	- -	1,500,000	1,500,000
Massachusetts	1,168,400	- -	2,000,000	2,000,000
Michigan	5,405,000	5,932,000	6,000,000	6,000,000
Minnesota	4,585,000	1,291,000	4,500,000	4,500,000
Mississippi	3,158,000	3,596,000	6,000,000	6,000,000
Missouri	3,657,200	1,850,000	5,000,000	5,000,000
Montana	4,828,000	710,000	1,500,000	1,500,000
Nebraska	850,000	- -	2,000,000	2,000,000
Nevada	55,300	- -	500,000	500,000
New Hampshire	900,000	60,000	1,000,000	1,000,000
New Jersey	2,232,000	10,835,000	5,000,000	5,000,000
New Mexico	1,800,000	- -	1,500,000	1,500,000
New York	8,715,600	1,989,700	6,500,000	6,500,000
North Carolina	10,714,300	8,237,900	10,000,000	10,000,000
North Dakota	1,242,000	535,000	1,500,000	1,500,000
Ohio	6,892,000	1,709,600	7,500,000	7,500,000
Oklahoma	2,206,700	1,980,000	3,500,000	3,500,000
Oregon	1,953,000	495,000	2,000,000	2,000,000
Pennsylvania	14,655,300	3,268,200	9,500,000	9,500,000
Rhode Island	45,000	- -	500,000	500,000
South Carolina	2,377,500	3,828,600	5,500,000	5,500,000
South Dakota	745,000	640,000	1,500,000	1,500,000
Tennessee	6,247,300	3,700,000	7,000,000	7,000,000
Texas	9,091,700	3,387,000	9,000,000	9,000,000
Utah	15,000	- -	1,000,000	1,000,000
Vermont	353,700	500,000	1,500,000	1,500,000
Virginia	5,632,500	2,090,000	6,500,000	6,500,000
Washington	2,230,000	- -	2,500,000	2,500,000
West Virginia	3,000,000	1,941,000	4,500,000	4,500,000
Wisconsin	4,092,000	1,828,300	5,000,000	5,000,000
Wyoming	3,197,500	- -	500,000	500,000
Guam	- -	- -	- -	- -
Puerto Rico	- -	3,400,000	7,500,000	7,500,000
Virgin Islands	- -	- -	500,000	500,000
Total	<u>170,200,600</u>	<u>79,795,000</u>	<u>200,000,000</u>	<u>200,000,000</u>

FARMERS HOME ADMINISTRATION

Rural Development Insurance Fund
Account

Business and Industrial Development Loans
Program

Obligations by Geographic Area

	<u>FY 1975</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	11,901,350	2,770,000	12,000,000	12,000,000
Alaska	720,000	72,000	700,000	700,000
Arizona	1,046,000	8,000	2,300,000	2,300,000
Arkansas	2,365,000	- -	7,600,000	7,600,000
California	4,925,000	3,160,000	8,600,000	8,600,000
Colorado	1,740,000	500,000	2,700,000	2,700,000
Connecticut	50,000	- -	2,200,000	2,200,000
Delaware	- -	- -	700,000	700,000
Florida	1,925,000	-750,000	7,500,000	7,500,000
Georgia	4,971,465	4,575,000	11,800,000	11,800,000
Hawaii	2,100,000	- -	900,000	900,000
Idaho	4,952,000	1,474,000	5,300,000	5,300,000
Illinois	4,885,688	1,960,000	9,300,000	9,300,000
Indiana	4,786,800	1,200,000	8,100,000	8,100,000
Iowa	8,135,000	620,000	8,000,000	8,000,000
Kansas	2,922,500	7,850,000	5,300,000	5,300,000
Kentucky	7,254,000	180,000	11,000,000	11,000,000
Louisiana	8,498,850	3,112,100	9,400,000	9,400,000
Maine	5,782,500	1,425,000	11,300,000	11,300,000
Maryland	1,789,000	1,775,000	3,000,000	3,000,000
Massachusetts	2,515,000	125,000	3,200,000	3,200,000
Michigan	6,071,000	1,737,000	9,000,000	9,000,000
Minnesota	6,438,000	2,980,000	7,700,000	7,700,000
Mississippi	9,647,000	14,057,900	10,600,000	10,600,000
Missouri	8,369,200	2,506,400	8,600,000	8,600,000
Montana	100,000	2,000,000	2,200,000	2,200,000
Nebraska	1,055,000	- -	3,900,000	3,900,000
Nevada	- -	- -	400,000	400,000
New Hampshire	2,720,000	2,710,000	1,700,000	1,700,000
New Jersey	3,042,000	6,500,000	3,400,000	3,400,000
New Mexico	1,010,000	1,260,000	3,000,000	3,000,000
New York	7,750,000	9,800,000	9,500,000	9,500,000
North Carolina	12,405,300	1,714,000	16,000,000	16,000,000
North Dakota	2,267,000	745,000	3,400,000	3,400,000
Ohio	13,741,500	3,892,000	13,600,000	13,600,000
Oklahoma	3,700,000	22,000,000	6,000,000	6,000,000
Oregon	1,940,000	657,500	3,600,000	3,600,000
Pennsylvania	7,190,000	- -	14,400,000	14,400,000
Rhode Island	- -	- -	400,000	400,000
South Carolina	5,732,200	2,685,000	9,200,000	9,200,000
South Dakota	2,659,000	201,000	3,700,000	3,700,000
Tennessee	20,894,000	3,926,000	17,100,000	17,100,000
Texas	13,460,970	8,736,000	15,800,000	15,800,000
Utah	1,460,000	1,140,000	3,400,000	3,400,000
Vermont	2,560,000	200,000	3,800,000	3,800,000
Virginia	19,346,718	8,670,000	14,000,000	14,000,000
Washington	3,200,000	3,795,000	5,000,000	5,000,000
West Virginia	3,303,150	3,436,000	7,000,000	7,000,000
Wisconsin	8,081,000	28,160,000	8,400,000	8,400,000
Wyoming	5,993,150	1,570,000	1,300,000	1,300,000
Guam	- -	- -	- -	- -
Puerto Rico	16,762,500	-1,800,000	12,600,000	12,600,000
Virgin Islands	- -	- -	400,000	400,000
Total	<u>274,163,841</u>	<u>163,334,900</u>	<u>350,000,000</u>	<u>350,000,000</u>

RURAL DEVELOPMENT GRANTS

Appropriation Act, 1977	\$10,000,000
Budget Estimate, 1978	- -
Decrease in Appropriation	<u>-10,000,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1976	1977	Increase or Decrease	1978 (estimated)
Business and industrial development grants ...	\$ 7,549,700	\$10,000,000	-\$10,000,000	- -
Unobligated balance carried forward to TQ	4,325,300	- -	- -	- -
Total appropriation	11,875,000	10,000,000	-10,000,000 (1)	- -

EXPLANATION OF PROGRAM

Section 310B(c) of the Consolidated Farm and Rural Development Act, as amended, authorizes grants to be made to public bodies for measures designed to facilitate development of private business enterprises, including the development, construction or acquisition of land, buildings, plants, equipment, access streets and roads, parking areas, utility extensions, necessary water supply and waste disposal facilities, refinancing, services and fees. These grants may be made in connection with business and industrial loans made under the Rural Development Insurance Fund.

It is estimated that 137 grants totaling \$10,000,000 will be made in 1977. Statutory authority limits these grants to public bodies for the development of industrial sites.

JUSTIFICATION OF DECREASE

(1) A decrease of \$10,000,000 for elimination of the Rural Development Grant Program (\$10,000,000 available in 1977).

No program is planned for fiscal year 1978 in as much as adequate loan funds for these purposes are available through the community facilities loan program at reasonable interest rates and terms.

STATUS OF PROGRAM

Rural Development Grants (sec. 310B)

The Agriculture and Related Agencies Appropriation Act, 1977, appropriated \$10,000,000 for Rural Development Grants.

In fiscal year 1976, 109 rural development grants totaling \$7,549,700 were made to public bodies for industrial parks and related facilities. It is estimated that 137 grants totaling \$10,000,000 will be made in fiscal year 1977. As part of the President's program to reduce outlays, no program is planned for fiscal year 1978.

FARMERS HOME ADMINISTRATION

Rural Development Grants
Account

Business and Industrial Grants
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	- -	206,700	300,000	- -
Alaska	35,000	- -	50,000	- -
Arizona	- -	- -	100,000	- -
Arkansas	243,000	150,000	250,000	- -
California	260,000	158,000	250,000	- -
Colorado	215,000	475,100	100,000	- -
Connecticut	- -	115,700	100,000	- -
Delaware	- -	- -	50,000	- -
Florida	210,000	249,000	250,000	- -
Georgia	313,900	442,100	350,000	- -
Hawaii	- -	27,000	50,000	- -
Idaho	80,000	75,000	100,000	- -
Illinois	212,000	366,000	300,000	- -
Indiana	261,000	197,900	250,000	- -
Iowa	237,900	253,600	200,000	- -
Kansas	166,300	62,400	175,000	- -
Kentucky	255,000	90,000	300,000	- -
Louisiana	285,000	90,600	275,000	- -
Maine	115,000	154,000	150,000	- -
Maryland	- -	- -	100,000	- -
Massachusetts	- -	115,000	100,000	- -
Michigan	140,800	221,200	250,000	- -
Minnesota	262,500	465,027	250,000	- -
Mississippi	20,000	400,800	300,000	- -
Missouri	226,900	121,600	250,000	- -
Montana	- -	190,600	100,000	- -
Nebraska	58,000	34,200	125,000	- -
Nevada	- -	- -	50,000	- -
New Hampshire	69,900	60,000	100,000	- -
New Jersey	- -	- -	100,000	- -
New Mexico	35,000	- -	100,000	- -
New York	67,700	552,200	300,000	- -
North Carolina	485,000	282,500	450,000	- -
North Dakota	120,000	43,600	100,000	- -
Ohio	373,300	82,600	325,000	- -
Oklahoma	165,000	93,100	200,000	- -
Oregon	110,000	58,800	125,000	- -
Pennsylvania	385,000	- -	400,000	- -
Rhode Island	- -	- -	50,000	- -
South Carolina	298,400	423,300	250,000	- -
South Dakota	106,600	25,000	100,000	- -
Tennessee	357,000	179,700	300,000	- -
Texas	97,500	147,000	425,000	- -
Utah	- -	- -	100,000	- -
Vermont	45,000	57,200	100,000	- -
Virginia	266,600	123,700	300,000	- -
Washington	156,300	-8	150,000	- -
West Virginia	233,100	57,700	200,000	- -
Wisconsin	177,000	356,600	250,000	- -
Wyoming	- -	83,000	50,000	- -
Guam	- -	- -	- -	- -
Puerto Rico	404,000	- -	350,000	- -
Virgin Islands	- -	- -	50,000	- -
Total	<u>7,549,700</u>	<u>7,287,519</u>	<u>10,000,000</u>	<u>- -</u>

Rural Water and Waste Disposal Grants

Appropriation Act, 1977	\$200,000,000
Budget Estimate, 1978	50,000,000
Decrease in Appropriation	<u>-150,000,000</u>

Project Statement
(On basis of adjusted appropriation)

Project	1976	1977	Increase or Decrease	1978 (estimated)
Development grants:				
Water supply	\$100,953,060	\$144,335,000	-\$108,250,000	\$36,085,000
Sewage collection and treatment	45,935,000	55,665,000	-41,750,000	13,915,000
Total obligations	146,888,060	200,000,000	-150,000,000(1)	50,000,000
Recovery of prior-year obligations	-1,800,370	--	--	--
Unobligated balance brought forward	-849,191	--	--	--
Unobligated balance lapsing ..	447,808	--	--	--
Unobligated balance carried forward to TQ	105,313,693	--	--	--
Total appropriation	250,000,000	200,000,000	-150,000,000(1)	50,000,000

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

Project Statement
(On basis of obligations under available funds)

Project	1976	1977 (estimated)	Increases or Decreases	1978 (estimated)
Development grants:				
Water supply	\$100,953,060	\$186,726,307	-\$150,641,307	\$36,085,000
Sewage collection and treatment	45,935,000	80,025,560	-66,110,560	13,915,000
Total obligations	146,888,060	266,751,867	-216,751,867	50,000,000
Recovery of prior-year obligations	-1,800,370	--	--	--
Unobligated balance brought forward	-849,191	--	--	--
Unobligated balance brought forward from TQ	--	-66,751,867	+66,751,867	--
Unobligated balance lapsing ..	447,808	--	--	--
Unobligated balance carried forward to TQ	105,313,693	--	--	--
Total appropriation	250,000,000	200,000,000	-150,000,000(1)	50,000,000

EXPLANATION OF PROGRAM

Section 306 of the Consolidated Farm and Rural Development Act provides appropriation authority for grants for the development costs of water and waste disposal projects in rural areas. Grants made under this authority may not aggregate more than \$300 million in any fiscal year.

1. Eligibility of applicants: Development grants may be made to associations including corporations operating on a nonprofit basis, municipalities, public authorities, districts, certain Indian tribes, and similar organizations, generally designated as public or quasi-public agencies, that propose projects for development, storage, treatment, purification, or distribution of domestic water or the collection, treatment, or disposal of waste in rural areas. Grants may be made to assist eligible applicants to pay for part of the development cost of such projects if grants are necessary to reduce user charges to a reasonable level. Combined loans and grants may be made when the applicant is able to repay part, but not all, of the project costs.

Grants also may be made to supplement other funds borrowed or furnished by applicants to pay development costs. An eligible project must serve a rural area which, if such project is carried out, is not likely to decline in population below that for which the project was designed, must be designed and constructed so that adequate capacity will be or can be made available to serve the present population of the area to the extent feasible and also serve the reasonable foreseeable growth needs of the area, and must be consistent with comprehensive community water, waste disposal or other development plans for the rural area. Applications for loans and grants for water and waste disposal systems must be reviewed for comment by the officially designated agency and the local, county, or municipal government in which the proposed project is to be located.

2. Limits: Water and waste disposal development grants may not exceed 50 percent of the development cost of the project. The development cost may include the cost of construction of the proposed facility, including rights-of-way and land rights, water rights, engineering fees, legal fees, and administrative costs in connection with construction and acquisition.

JUSTIFICATION OF DECREASE

- (1) A decrease of \$150,000,000 in appropriations for water and waste disposal grants (\$200,000,000 available in 1977).

In addition to the \$50 million that the Administration has proposed for the water and waste disposal grant program, the fiscal year 1978 Budget proposes that \$600 million in loans be made available for construction of water and waste disposal facilities. In addition, grant funds will be available for these purposes, including water projects and construction of sewer lines, from the Environmental Protection Agency and the Department of Housing and Urban Development.

STATUS OF PROGRAM

Rural Water and Waste Disposal Grants

Grants for Water and Waste Disposal Development Costs (sec. 306).

In fiscal year 1976, 674 development grants were made totaling \$146,888,060. In fiscal year 1977, it is estimated that about 1,160 grants will be made totaling \$266,752,000. In fiscal year 1978, it is estimated that approximately 207 grants will be made totaling \$50,000,000. Grant funds for these purposes are also available to rural communities from the Department of Housing and Urban Development and the Environmental Protection Agency.

FARMERS HOME ADMINISTRATION

Rural Water and Waste Disposal Grants
Account

Rural Water and Waste Disposal Grants
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	3,496,400	1,298,700	10,500,000	2,000,000
Alaska	100,000	- -	1,000,000	200,000
Arizona	861,300	235,100	2,500,000	500,000
Arkansas	3,941,500	2,442,300	5,000,000	1,000,000
California	5,649,000	1,695,000	5,500,000	1,000,000
Colorado	1,224,000	1,680,500	2,000,000	400,000
Connecticut	222,000	- -	3,500,000	700,000
Delaware	- -	- -	1,000,000	200,000
Florida	3,449,300	1,333,700	9,500,000	1,500,000
Georgia	6,755,000	2,035,000	8,000,000	1,400,000
Hawaii	600,000	800,000	2,500,000	500,000
Idaho	769,100	1,139,300	2,000,000	400,000
Illinois	3,943,800	2,919,200	6,500,000	1,100,000
Indiana	1,680,300	2,198,000	8,500,000	1,500,000
Iowa	2,121,900	2,874,300	4,500,000	800,000
Kansas	2,391,400	1,492,000	3,000,000	600,000
Kentucky	4,565,900	3,651,600	7,500,000	1,500,000
Louisiana	3,088,000	1,237,000	9,000,000	1,700,000
Maine	1,088,000	1,823,000	2,000,000	400,000
Maryland	2,171,600	268,500	2,500,000	500,000
Massachusetts	1,340,000	- -	4,500,000	900,000
Michigan	4,802,100	4,350,500	7,000,000	1,400,000
Minnesota	4,906,000	1,504,000	5,000,000	1,000,000
Mississippi	3,609,700	1,235,600	9,000,000	1,100,000
Missouri	2,141,000	4,826,300	5,500,000	1,000,000
Montana	536,900	- -	2,500,000	500,000
Nebraska	1,367,600	1,100,800	2,500,000	500,000
Nevada	- -	- -	500,000	100,000
New Hampshire	108,000	142,000	2,000,000	400,000
New Jersey	880,000	1,995,000	3,000,000	600,000
New Mexico	1,687,000	58,000	2,000,000	400,000
New York	4,568,560	3,787,100	7,500,000	1,500,000
North Carolina	7,961,500	8,437,900	11,000,000	2,000,000
North Dakota	2,449,000	420,000	2,000,000	400,000
Ohio	6,595,300	2,074,000	9,000,000	1,700,000
Oklahoma	3,336,200	2,013,900	4,500,000	900,000
Oregon	2,344,500	1,387,700	2,500,000	500,000
Pennsylvania	7,135,800	942,600	16,000,000	3,000,000
Rhode Island	- -	- -	1,000,000	200,000
South Carolina	3,496,500	1,886,000	8,500,000	1,700,000
South Dakota	1,000,000	1,332,000	2,000,000	400,000
Tennessee	3,837,000	1,996,000	10,000,000	2,000,000
Texas	9,325,500	1,530,300	11,500,000	2,200,000
Utah	703,000	263,000	1,500,000	300,000
Vermont	810,000	-810,000	2,500,000	500,000
Virginia	6,802,900	1,815,500	6,500,000	1,300,000
Washington	1,932,600	478,200	3,500,000	700,000
West Virginia	4,932,000	812,000	5,500,000	1,000,000
Wisconsin	6,467,000	3,350,000	5,500,000	1,000,000
Wyoming	1,123,900	145,500	1,000,000	200,000
Guam	- -	- -	- -	- -
Puerto Rico	2,570,000	697,000	14,851,867	2,700,000
Virgin Islands	- -	- -	400,000	- -
Total	<u>146,888,060</u>	<u>76,894,100</u>	<u>266,751,867</u>	<u>50,000,000</u>

Rural Housing for Domestic Farm Labor

Appropriation Act, 1977	\$7,500,000
Budget Estimate, 1978	- -
Decrease in Appropriation	<u>-7,500,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1976	1977	Increase or Decrease	1978 (estimated)
Financial assistance for low- rent domestic farm labor housing:				
Build/purchase new	- -	\$6,921,750	-\$6,921,750	- -
Repair	- -	578,250	-578,250	- -
Total obligations	- -	7,500,000	-7,500,000	- -
Unobligated balance, net	\$7,500,000	- -	- -	- -
Total appropriation	7,500,000	7,500,000	-7,500,000 (1)	- -

PROJECT STATEMENT

(On basis of obligations under available funds)

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Financial assistance for low- rent domestic farm labor housing:				
Build/purchase new	- -	\$6,921,750	-\$6,921,750	- -
Repair	- -	578,250	-578,250	- -
Total obligations	- -	7,500,000	-7,500,000	- -
Recovery of prior-year obligations	-\$1,354,570	- -	- -	- -
Unobligated balance brought forward	-4	- -	- -	- -
Unobligated balance carried forward to TQ	8,854,574	- -	- -	- -
Unobligated balance carried forward	- -	- -	- -	- -
Total appropriation	7,500,000	7,500,000	-7,500,000 (1)	- -

EXPLANATION OF PROGRAM

Under section 516 of the Housing Act of 1949. FmHA is authorized to share with States or other political subdivisions, public or broadbased private nonprofit organizations incorporated within a state, or nonprofit organizations of farmworkers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may consist of family units, apartments or dormitory-type units and must be the most practical type, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance not to exceed 90 percent of the total development cost is authorized. Applicants furnish as much of the development cost as they can afford by using their own resources or by borrowing either directly from private sources or obtaining an insured loan under section 514 of the Housing Act of 1949. Much of the balance of the cost may be extended under this authority. The applicant must agree to charge rentals not exceeding amounts approved by the Secretary, to maintain the housing at all times in a safe and sanitary condition, and to give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless sooner terminated by the Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require payment of the grant.

JUSTIFICATION OF DECREASE

(1) A decrease of \$7,500,000 for elimination of the Rural Housing for Domestic Farm Labor Grant Program (\$7,500,000 available in 1977).

Each year, more farmworker families cease to be migrants and settle in a community, even though they continue to do seasonal farm labor. Such families need permanent housing and many are becoming homeowners through other housing programs. The 1 percent labor housing loan program, with a grant provision of up to 90 percent of the development cost for organizations, results in very high Federal outlays relative to the number of persons benefited. No funds are requested in 1978 because it is believed that these needs can be met through FmHA low-to-moderate income, and rural rental housing programs.

STATUS OF PROGRAM

Rural Housing for Domestic Farm Labor (sec. 516)

The following reflects the number of grants made and the total amount of these grants since 1966.

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Total Amount</u>
1966	4	\$2,156,320
1967	5	2,678,440
1968	5	2,700,290
1969	10	5,003,500
1970	6	2,133,770
1971	4	736,550
1972	10	6,683,180
1973	8	1,745,930
1974	11	10,080,730
1975	6	5,000,000
1976	--	--
TQ	<u>11</u>	<u>10,729,570</u>
Total (thru Sept. 30, 1976)	<u>80</u>	<u>49,648,280</u>

It is estimated that 8 grants will be made in fiscal year 1977 totaling \$7,500,000.

No program is planned for fiscal year 1978, since the Administration believes the housing needs of farm laborers can better be met through the low-to-moderate income and rental housing programs.

FARMERS HOME ADMINISTRATION

Rural Housing for Domestic Farm Labor
Account

Farm Labor Housing Grants
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
California	- -	4,484,230	3,150,000	- -
Florida	- -	3,639,650	2,540,000	- -
Texas	- -	1,865,690	1,300,000	- -
Washington	- -	<u>740,000</u>	<u>510,000</u>	- -
Total	<u>- -</u>	<u>10,729,570</u>	<u>7,500,000</u>	<u>- -</u>

Mutual and Self-Help Housing

Appropriation Act, 1977	\$9,000,000
Budget Estimate, 1978	- -
Decrease in Appropriation	<u>-9,000,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1976	1977	Decrease	1978 (estimated)
Financial assistance for technical and supervisory assistance for mutual and self-help housing	\$ 604,200	\$9,000,000	-\$9,000,000	- -
Unobligated balance, net ..	8,395,800	- -	- -	- -
Total appropriation	9,000,000	9,000,000	-9,000,000 (1)	- -

The preceding tabulation is based on amounts included in appropriation acts. The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from the prior years.

PROJECT STATEMENT

(On basis of obligations under available funds)

Project	1976	1977 (estimated)	Increases or Decreases	1978 (estimated)
Financial assistance for technical and supervisory assistance for mutual and self-help housing	\$ 604,200	\$15,385,687	-\$15,385,687	- -
Unobligated balance brought forward	-981,299	- -	- -	- -
Unobligated balance brought forward from TQ	- -	-6,385,687	+6,385,687	- -
Recovery of prior-year obligations	-146,493	- -	- -	- -
Unobligated balance carried forward to TQ	9,523,592	- -	- -	- -
Total appropriation	9,000,000	9,000,000	-9,000,000(1)	- -

EXPLANATION OF PROGRAM

This grant program was authorized by Public Law 90-448, approved August 1, 1968. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually six to ten families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance.

JUSTIFICATION OF DECREASE

(1) A decrease of \$9,000,000 for elimination of the Mutual and Self-Help Housing Grant Program (\$9,000,000 available in 1977).

Between the inception of the program in fiscal year 1971 and the end of fiscal year 1976, \$22.6 million has been obligated for 121 grants. The program however, has had several problems. Most grantees have been unable to assist the number of families planned and the resulting grant costs per house has been much higher than expected. Grantees have been unable to find sufficient numbers of eligible families who are willing and able to participate in a self-help housing building program. They have also had problems in finding suitable building sites. Moreover, this program puts a much greater demand on the time of FmHA field personnel, to supervise construction and to help grantees in organizing groups of families. It is believed that the housing needs of rural resident can better be served through the FmHA low-income and rental housing programs. Therefore, no grant funds are requested for fiscal year 1978.

STATUS OF PROGRAM

Mutual and Self-Help Housing (sec. 523)

The following reflects the number of grants made and the total amount of these grants since 1971, the first year of this program:

<u>Fiscal Year</u>	<u>Number of Grants</u>	<u>Total Amount</u>
1971	15	\$1,720,960
1972	9	1,617,910
1973	24	3,728,451
1974	29	3,831,610
1975	26	5,659,690
1976	4	604,200
TQ	<u>14</u>	<u>5,485,610</u>
Total (thru Sept. 30, 1976)	<u>121</u>	<u>22,648,431</u>

It is estimated that 70 grants will be made in fiscal year 1977, totaling \$15,385,687.

No program is planned for fiscal year 1978, since the grants plus the subsidy cost of the associated loans have resulted in high unit costs to the Government without corresponding benefits to those aided.

FARMERS HOME ADMINISTRATION

Mutual and Self-Help Housing
Account

Mutual and Self-Help Technical Assistance Grants
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	- -	120,450	300,000	- -
Alaska	- -	- -	150,000	- -
Arizona	- -	- -	650,000	- -
Arkansas	- -	- -	250,000	- -
California	- -	4,194,460	3,150,000	- -
Colorado	- -	- -	350,000	- -
Connecticut	100,000	- -	200,000	- -
Delaware	- -	- -	150,000	- -
Florida	162,200	312,000	750,000	- -
Georgia	- -	257,100	300,000	- -
Hawaii	- -	- -	150,000	- -
Idaho	- -	- -	150,000	- -
Illinois	- -	- -	150,000	- -
Indiana	- -	- -	150,000	- -
Iowa	- -	- -	150,000	- -
Kansas	- -	- -	150,000	- -
Kentucky	- -	- -	150,000	- -
Louisiana	- -	- -	150,000	- -
Maine	- -	- -	150,000	- -
Maryland	- -	- -	150,000	- -
Massachusetts	- -	- -	200,000	- -
Michigan	- -	- -	250,000	- -
Minnesota	- -	- -	150,000	- -
Mississippi	- -	- -	350,000	- -
Missouri	- -	- -	200,000	- -
Montana	- -	- -	150,000	- -
Nebraska	- -	- -	150,000	- -
Nevada	- -	- -	150,000	- -
New Hampshire	- -	- -	200,000	- -
New Jersey	- -	- -	150,000	- -
New Mexico	- -	100,000	350,000	- -
New York	- -	- -	150,000	- -
North Carolina	- -	- -	150,000	- -
North Dakota	142,000	46,900	500,000	- -
Ohio	- -	- -	150,000	- -
Oklahoma	- -	93,100	450,000	- -
Oregon	- -	- -	250,000	- -
Pennsylvania	- -	- -	150,000	- -
Rhode Island	- -	- -	200,000	- -
South Carolina	- -	- -	150,000	- -
South Dakota	- -	- -	300,000	- -
Tennessee	- -	- -	150,000	- -
Texas	- -	- -	250,000	- -
Utah	- -	- -	250,000	- -
Vermont	- -	- -	200,000	- -
Virginia	- -	- -	150,000	- -
Washington	200,000	200,000	700,000	- -
West Virginia	- -	- -	150,000	- -
Wisconsin	- -	161,600	500,000	- -
Wyoming	- -	- -	150,000	- -
Guam	- -	- -	135,687	- -
Puerto Rico	- -	- -	150,000	- -
Virgin Islands	- -	- -	100,000	- -
Total	<u>604,200</u>	<u>5,485,610</u>	<u>15,385,687</u>	<u>- -</u>

Self-Help Housing Land Development Fund

The following tabulation shows estimated obligations on an available funds basis, including balances brought forward from prior years.

PROJECT STATEMENT

(On basis of obligations under available funds)

Project	1976	1977 (estimated)	Increases or Decreases	1978 (estimated)
Mutual & self-help housing site loans	- -	\$ 880,000	\$-880,000	- -
Unobligated balance brought forward	\$-1,433,032	- -	+754,000	\$ -496,000
Unobligated balance brought forward from TQ	- -	-1,250,000	- -	- -
Receipts	-316,683	-126,000	-615,000	-741,000
Unobligated balance carried forward to TQ	1,749,715	- -	- -	- -
Unobligated balance carried forward	- -	496,000	+741,000	1,237,000
Total appropriation	- -	- -	- -	- -

EXPLANATION OF PROGRAM

This fund was authorized by Public Law 90-448, approved August 1, 1968. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

It is estimated that 5 loans for \$880 thousand will be made in 1977. No program is planned for 1978, since the subsidy costs of the associated loans together with the self-help housing technical assistance grants have generally resulted in high unit costs to the Government without corresponding benefits to those aided. It is believed that housing can be provided to rural residents more effectively and economically through other FmHA housing programs.

STATUS OF PROGRAM

Self-Help Housing Land Development Fund

The Supplemental Appropriation Act, 1969 (Public Law 90-608), approved October 21, 1968, included an initial appropriation of \$600,000 for this fund. The Department of Agriculture and Related Agencies Appropriation Acts for 1970 and for 1971 provided additional appropriations of \$1,000,000 and \$400,000 respectively, which remain available until expended. In fiscal year 1976, no loans were obligated. It is estimated that 5 loans for \$880 thousand will be obligated in fiscal year 1977. No program is planned for fiscal year 1978.

Obligations by Geographic Area

	<u>Fiscal Year</u> <u>1976</u>	<u>T/Q</u>	<u>Fiscal Year</u> <u>1977</u>	<u>Fiscal Year</u> <u>1978</u>
Arizona	--	565,130	255,000	--
California	--	--	125,000	--
Florida	--	--	125,000	--
Oklahoma	--	--	125,000	--
Wisconsin	--	--	125,000	--
Washington	--	--	125,000	--
Total	--	565,130	880,000	--

FARMERS HOME ADMINISTRATION

SALARIES AND EXPENSES

	<u>Appropriation</u>	<u>Transfer from Rural Housing Insurance Fund</u>	<u>Transfer from Loan Funds for Temporary Field Employment</u>	<u>Total</u>
Appropriation Act, 1977 .	\$170,000,000	\$3,000,000	\$500,000	\$173,500,000
Budget estimate, 1978 ...	<u>181,684,000</u>	<u>3,000,000</u>	<u>500,000</u>	<u>185,184,000</u>
Increase in appropriation	<u>+11,684,000</u>	<u>- -</u>	<u>- -</u>	<u>+11,684,000</u>
Adjustment in 1977:				
Appropriation Act, 1977	170,000,000	3,000,000	500,000	173,500,000
1977 Supplemental				
Appropriation for				
Pay Costs	<u>+5,836,000</u>	<u>- -</u>	<u>- -</u>	<u>+5,836,000</u>
Adjusted base for 1978	175,836,000	3,000,000	500,000	179,336,000
Budget estimate, 1978 ...	<u>181,684,000</u>	<u>3,000,000</u>	<u>500,000</u>	<u>185,184,000</u>
Increase over adjusted				
1977	<u>+5,848,000</u>	<u>- -</u>	<u>- -</u>	<u>+5,848,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1977</u>	<u>Increase or Decrease</u>	<u>1978 Estimate</u>
Implementation of a Unified			
Management Information System	\$ 2,300,000	+\$ 903,000	\$ 3,203,000
Field Office Operating Support	- -	+3,898,000	3,898,000
GSA Space Rental Costs	3,795,000	+445,000	4,240,000
Working Capital Fund services .	(3,550,000)	+426,000	426,000
Annualization of the pay cost			
increase effective in FY 1977	5,836,000	+176,000	6,012,000
All other	<u>167,405,000</u>	<u>- -</u>	<u>167,405,000</u>
Total available	<u>179,336,000</u>	<u>+5,848,000</u>	<u>185,184,000</u>

PROJECT STATEMENT

(On the basis of adjusted Appropriation)

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Low-income housing assistance:	\$69,011,861	\$75,183,000	+\$4,751,000	\$79,934,000
Moderate income housing assistance	31,219,121	50,499,000	+484,000	50,983,000
Farm loan programs assistance	42,309,857	43,317,000	+432,000	43,749,000
Community programs assistance	4,911,427	9,187,000	+20,000	9,207,000
Loans for associations or groups	330,003	295,000	+215,000	510,000
Business and industry assistance	733,818	855,000	-54,000	801,000
Total administration of grant and loan programs:	148,516,087	179,336,000	+5,848,000	185,184,000
Unobligated balance	7,085,913	- -	- -	- -
Total available or estimate ..:	155,602,000	179,336,000	+5,848,000 (1)	185,184,000
Transfer from "Rural Housing Insurance Fund"	- -	-3,000,000		
Transfer from "Agricultural Insurance Fund"	-500,000	-500,000		
Proposed Supplemental for pay: increase costs	- -	-5,836,000		
Total Appropriation	155,102,000	170,000,000		

EXPLANATION OF PROGRAM

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of Emergency, Watershed, Flood, and Resource Conservation and Development loans. Administration of the programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers.

In addition, other funds are made available from the Agricultural Credit Insurance Fund to service the unpredictable needs of the Emergency Program. An annual allotment is received from the Soil Conservation Service to cover the costs of administering Watershed, Flood, and Resource Conservation and Development loans.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$5,848,000 for the administration of grant and loan program consisting of:
- (a) An increase of \$176,000 for annualization of pay increases effective in FY 1976.
 - (b) An increase of \$426,000 for Working Capital Fund Services.
 - (c) An increase of \$445,000 for space rental costs pursuant to P.L. 92-313.

- (d) An increase of \$903,000 to continue implementation of a Unified Management Information System (\$2.3 million available in 1977).

The Farmers Home Administration has experienced very rapid growth in loan volume and number of loans since 1970 owing to additional responsibilities and authorities given to the Agency by such legislation as the Rural Development Act of 1972 and the Housing and Community Development Act of 1974.

The Agency's management systems were not designed to handle the resultant increase in complex workload. As a result, the FmHA has an extensive reporting system in place which represents a fragmented approach to providing information about program activities. Because of the urgent need for current, accurate, timely and relevant data, the FmHA has begun the design, development, and implementation of a FmHA Unified Management Information System (UMIS). In fiscal year 1977, \$2,300,000 was provided to implement the systems design, to install an operational system and for computer time to test and correct program file structures. Phase I of UMIS has been completed and Phase II has been initiated. In fiscal year 1978, FmHA will require an additional \$903,000 over the \$2.3 million provided in fiscal year 1977. In the total request of \$3,203,000 for fiscal year 1978 there is included \$790,000 for a multi-state test, \$2,013,000 for computer support related to the multi-state test and \$400,000 for additional costs of Phase II contracts.

- (e) An increase of \$3,898,000 for Field Office Operating Support (\$0 available in 1977).

The Farmers Home Administration has experienced very rapid growth in loan volume and number of loans since 1970. Because of this growth the field offices have urgent need for additional space, equipment and improved telephone and duplicating services in order to maintain adequate service to the public. Many field offices do not have adequate space for the present staff, some of the office furniture needs refurbishing or replacing, present telephone systems are inadequate and duplicating services are unavailable. Additional space and file cabinets for storage of borrowers files are also needed.

In certain offices, colocated with other USDA agencies, it would be beneficial to use an employee of another agency to assist with receptionist duties. This increase would allow FmHA to enter into such reimbursable agreements with other agencies, primarily the Agricultural Stabilization and Conservation Service, and thereby allow full utilization of USDA employees in field offices where the workload is seasonal. This increase in reimbursable employment can be largely offset by a transfer of funds from direct personnel in excess of the amount actually needed to meet the employment level required by the 1977 Appropriation Act.

The increase is composed of the following items:

<u>Item</u>	<u>Amount</u>
Reimbursable Personnel	\$3,405,000
Direct Personnel	-3,102,000
Office Rental	2,653,000
Space Improvements	280,000
Communications	308,000
Furniture and Equipment	234,000
Duplicating Services	<u>120,000</u>
Total	3,898,000

FARMERS HOME ADMINISTRATION

Salaries and Expenses
Obligations by Organizational Unit
(in thousands, rounded)

<u>Organizational Unit</u>	<u>Obligations</u>			
	<u>Personnel Comp. and Benefits</u>	<u>Travel</u>	<u>All Other</u>	<u>Total</u>
<u>FISCAL YEAR 1976:</u>				
National Office	\$ 6,686	\$ 558	\$ 842	\$ 8,086
Finance Office	6,411	81	1,413	7,905
State Offices	20,350	2,276	2,774	25,400
District Offices	6,189	1,176	712	8,077
County Offices	<u>86,782</u>	<u>5,354</u>	<u>17,088</u>	<u>109,224</u>
Total, FmHA	126,418	9,445	22,829	158,692
Less Allocations from other accounts	<u>-7,778</u>	<u>-581</u>	<u>-1,402</u>	<u>-9,761</u>
Total, S & E, FmHA	<u>118,640</u>	<u>8,864</u>	<u>21,427</u>	<u>148,931</u>
<u>FISCAL YEAR 1977: (estimate)</u>				
National Office	7,530	700	964	9,194
Finance Office	7,410	140	1,635	9,185
State Offices	23,530	2,300	3,212	29,042
District Offices	7,340	1,500	847	9,687
County Offices	<u>102,838</u>	<u>7,277</u>	<u>20,315</u>	<u>130,430</u>
Total, FmHA	148,648	11,917	26,973	187,538
Less Allocations from other accounts	<u>-6,217</u>	<u>-446</u>	<u>-1,125</u>	<u>-7,788</u>
TOTAL, S & E, FmHA	<u>142,431</u>	<u>11,471</u>	<u>25,848</u>	<u>179,750</u>
<u>FISCAL YEAR 1978: (estimate)</u>				
National Office	7,458	700	1,057	9,215
Finance Office	7,072	140	1,793	9,005
State Offices	23,391	2,300	3,521	29,212
District Offices	7,350	1,500	906	9,756
County Offices	<u>103,159</u>	<u>7,303</u>	<u>26,257</u>	<u>136,719</u>
TOTAL, FmHA	148,430	11,943	33,534	193,907
Less Allocations from other accounts	<u>-6,596</u>	<u>-472</u>	<u>-1,241</u>	<u>-8,309</u>
TOTAL, S & E, FmHA	<u>141,834</u>	<u>11,471</u>	<u>32,293</u>	<u>185,598</u>

FARMERS HOME ADMINISTRATION

Salaries and Expenses
Positions Filled, Man-Years and Average
Grade and Salary by Organizational Unit

Organizational Unit	Positions Filled At End of Year		Man Years	Permanent	Full-Time
	Permanent	Other		Average	Average
	Full-Time			Grade	Salary
<u>FISCAL YEAR 1976:</u>					
National Office	292	25	315	10.26	\$18,679
Finance Office	388	90	529	6.22	\$11,324
State Offices	963	169	1,039	9.82	\$17,878
District Offices	270	19	267	11.47	\$20,882
County Offices	<u>4,884</u>	<u>3,104</u>	<u>6,405</u>	<u>7.59</u>	<u>\$13,818</u>
TOTAL, FmHA	6,797	3,407 <u>1/</u>	8,555	8.11	\$14,765
<u>FISCAL YEAR 1977:</u> (estimate)					
National Office	325	25	330	10.26	\$19,488
Finance Office	420	115	560	6.58	\$12,498
State Offices	1,015	170	1,100	9.92	\$18,842
District Offices	300	20	290	11.47	\$21,786
County Offices	<u>5,340</u>	<u>2,805</u>	<u>6,940</u>	<u>7.40</u>	<u>\$14,055</u>
TOTAL, FmHA	7,400	3,135 <u>1/</u>	9,220	7.99	\$15,176
<u>FISCAL YEAR 1978:</u> (estimate)					
National Office	315	25	325	10.32	\$19,602
Finance Office	380	115	540	6.28	\$11,928
State Offices	1,000	170	1,092	9.89	\$18,785
District Offices	300	20	290	11.47	\$21,786
County Offices	<u>5,305</u>	<u>2,970</u>	<u>6,956</u>	<u>7.41</u>	<u>\$14,074</u>
TOTAL, FmHA	7,300	3,200 <u>1/</u>	9,203	7.98	\$15,157

1/ Excludes disadvantaged summer youth and other trainees as follows: 1976, 487; 1977, 600; 1978, 600.

Rural Community Fire Protection Grants

Appropriation Act, 1977	\$ 3,500,000
Budget Estimate, 1978	--
Decrease in Appropriation	<u>-3,500,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1976	1977	Decrease	1978 (estimated)
Rural community fire protection grants	\$3,133,617	\$ 3,500,000	-\$3,500,000	--
Unobligated balance carried forward to TQ	366,383	--	--	--
Total appropriation	3,500,000	3,500,000	-3,500,000(1)	--

EXPLANATION OF PROGRAM

This assistance was authorized by section 404 of the Rural Development Act of 1972, as amended. Grants are authorized to public bodies for up to 50% of the cost of organizing, training, and equipping rural volunteer fire departments.

JUSTIFICATION OF DECREASE

(1) A decrease of \$3,500,000 for elimination of the Rural Community Fire Protection Grant Program (\$3,500,000 available in 1977).

This program, authorized under the Rural Development Act of 1972, would provide fire-fighting equipment and funds for organizing and training of personnel to rural communities to assist in fire control. Procurement of equipment is a low priority in investment capital in view of the number of people benefiting from the program. In addition, adequate credit assistance to provide this equipment is available at reasonable interest rates and terms through the community facilities loan program. Surplus government equipment which can be used for fire-fighting is also available from the Forest Service.

The legislation authorizing Rural Community Fire Protection Grants expires at the end of fiscal year 1977.

STATUS OF PROGRAM

Rural Community Fire Protection Grants

Three thousand (3,000) grants totaling \$3,133,617 were made in fiscal year 1976. It is anticipated that in fiscal year 1977, 2,022 grants will be obligated in the amount of \$3,538,000. No program is proposed for fiscal year 1978, since other assistance for this purpose is available through general revenue sharing funds, HUD block grants, and FmHA community facility loans. Additionally, surplus Federal firefighting equipment is made available to rural communities through the Forest Service.

Very Low-Income Housing Repair Grants

Appropriation Act, 1977	\$ 5,000,000
Budget Estimate, 1978	--
Decrease in Appropriation	<u>-5,000,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1976	1977	Increase or Decrease	1978 (estimated)
Rural housing repair grants for the elderly	--	\$ 5,000,000	-\$5,000,000	--
Total appropriation	--	5,000,000	-5,000,000	--

EXPLANATION OF PROGRAM

This grant program is authorized under section 504 of Title V of the Housing Act of 1949, as amended. The rural housing repair grant program is carried out by making grants to very low-income families to make necessary repairs to their homes in order to make such dwellings safe and sanitary, and remove hazards to the health of the occupants, their families, or the community. Such grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, supplying screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant can be made in combination with a section 504 very low-income housing repair loan.

However, no assistance can be extended to any one individual in the form of a loan, grant, or combined loan and grant in excess of \$5,000.

JUSTIFICATION OF DECREASE

1) A decrease of \$5,000,000 for elimination of the Very Low-Income Housing Repair Grant Program (\$5,000,000 available in 1977).

No program is proposed for fiscal year 1978. These families can be served by the section 504 loan program, which provides for a 1 percent interest rate loan amortized up to 20 years.

STATUS OF PROGRAM

Very Low-Income Housing Repair Grants (sec. 504)

The Agriculture and Related Agencies Appropriation Act, 1977 appropriated \$5,000,000 for Very Low-Income Housing Repair Grants. It is anticipated that 2,075 grants will be made in fiscal year 1977.

No program is proposed for fiscal year 1978 in an effort to reduce Federal spending. As an alternative the Administration believes that these families can be served by the section 504 loan program, which provides for a 1 percent interest rate loan amortized up to 20 years.

FARMERS HOME ADMINISTRATION

Very Low-Income Housing Repair Grants
Account

Very-Low Income Repair Grants
Program

Obligations by Geographic Area

	<u>FY 1976</u>	<u>T/Q</u>	<u>FY 1977</u>	<u>FY 1978</u>
Alabama	- -	- -	180,000	- -
Alaska	- -	- -	42,000	- -
Arizona	- -	- -	42,000	- -
Arkansas	- -	- -	285,000	- -
California	- -	- -	42,000	- -
Colorado	- -	- -	42,000	- -
Connecticut	- -	- -	42,000	- -
Delaware	- -	- -	42,000	- -
Florida	- -	- -	42,000	- -
Georgia	- -	- -	42,000	- -
Hawaii	- -	- -	42,000	- -
Idaho	- -	- -	42,000	- -
Illinois	- -	- -	42,000	- -
Indiana	- -	- -	42,000	- -
Iowa	- -	- -	50,000	- -
Kansas	- -	- -	42,000	- -
Kentucky	- -	- -	370,000	- -
Louisiana	- -	- -	115,000	- -
Maine	- -	- -	90,000	- -
Maryland	- -	- -	46,000	- -
Massachusetts	- -	- -	42,000	- -
Michigan	- -	- -	42,000	- -
Minnesota	- -	- -	80,000	- -
Mississippi	- -	- -	577,000	- -
Missouri	- -	- -	145,000	- -
Montana	- -	- -	42,000	- -
Nebraska	- -	- -	42,000	- -
Nevada	- -	- -	42,000	- -
New Hampshire	- -	- -	42,000	- -
New Jersey	- -	- -	42,000	- -
New Mexico	- -	- -	150,000	- -
New York	- -	- -	42,000	- -
North Carolina	- -	- -	260,000	- -
North Dakota	- -	- -	42,000	- -
Ohio	- -	- -	42,000	- -
Oklahoma	- -	- -	65,000	- -
Oregon	- -	- -	42,000	- -
Pennsylvania	- -	- -	60,000	- -
Rhode Island	- -	- -	42,000	- -
South Carolina	- -	- -	52,000	- -
South Dakota	- -	- -	42,000	- -
Tennessee	- -	- -	80,000	- -
Texas	- -	- -	359,000	- -
Utah	- -	- -	42,000	- -
Vermont	- -	- -	42,000	- -
Virginia	- -	- -	60,000	- -
Washington	- -	- -	42,000	- -
West Virginia	- -	- -	42,000	- -
Wisconsin	- -	- -	42,000	- -
Wyoming	- -	- -	42,000	- -
Guam	- -	- -	320,000	- -
Puerto Rico	- -	- -	270,000	- -
Virgin Islands	- -	- -	42,000	- -
Total	- -	- -	<u>5,000,000</u>	- -

STATUS OF PROGRAM

Community Services Loan Fund

The Headstart, Economic Opportunity, and Community Partnership Act of 1974, P.L. 93-644 dated January 4, 1975, transferred the remainder of the funds provided for in part A of Title III of the Economic Opportunity Act to the Community Services Administration.

The Economic Opportunity Act of 1964 (Public Law 88-452), approved August 20, 1964, authorized two new loan programs aimed at helping poor rural families improve their income through their own enterprise.

This program was administered by the Farmers Home Administration of the Department of Agriculture for the Office of Economic Opportunity through delegation of authority. Under the program, loans were provided to low income rural residents for small farm and non-farm enterprises to help to increase income. Loans were also made to rural cooperative enterprises serving the rural poor through purchasing, processing, and marketing activities.

Evaluations of the program have shown that these small loans were not effective in improving the income potentials of the rural poor. No new loans have been made since the middle of 1971. The Farmers Home Administration is servicing outstanding loans totaling \$22 million on June 30, 1976, from funds provided under "Salaries and Expenses."

As of June 30, 1976, a total of 10,558 individual borrowers had outstanding loans of \$11.3 million, principal payments were \$76.4 million, write-offs were \$21.2 million and judgments were \$.3 million. Interest payments totaled \$15.5 million and interest write-offs were \$2.4 million.

As of June 30, 1976, a total of 206 cooperatives had outstanding loans of \$10.3 million, principal payments were \$8.1 million and write-offs were \$2.3 million. Interest payments totaled \$4.2 million.

PASSENGER MOTOR VEHICLES

The 1978 Budget Estimates do not propose replacement of any passenger motor vehicles.

The passenger motor vehicles of the Farmers Home Administration are used by the county supervisors in the Pacific Trust territories for the performance of their daily work. None of the vehicles are used in the 50 United States or Washington, D. C. The vehicles are used in rural and other areas where privately-owned vehicles and common carrier facilities are either non-existent, uneconomical or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at rural housing sites and farm properties. FmHA personnel are required to inspect and appraise homes and farms on which loan applications are pending. They also must visit various properties frequently to perform loan servicing activities.

Passenger motor vehicles are not assigned to one individual exclusively at locations where more than one employee has need for them. This allows several employees to use a single vehicle and minimizes the number and maintenance costs.

Age and mileage data for Farmers Home Administration passenger motor vehicles on hand as of June 30, 1976 are as follows:

<u>Model</u>	<u>Number of Vehicles</u>	<u>Percent of total</u>	<u>Lifetime Mileage</u> (thousands)	<u>Number of Vehicles</u>	<u>Percent of total</u>
1976	1	100	Under 20	1	100

SOIL CONSERVATION SERVICE

Purpose Statement

The Soil Conservation Service was established by the Act of April 27, 1935, (16 U.S.C. 590a-590f). It assists conservation districts, communities, watershed groups, federal and state agencies and other cooperators with erosion control and water management problems and in bringing about needed physical adjustments in land use. The purpose is to conserve soil and water resources, improve agriculture and reduce damage caused by floods and sedimentation.

The Soil Conservation Service has general responsibility for administration of the following Departmental programs:

Conservation Operations Program to provide technical assistance to land owners and operators in accomplishing locally-adapted soil and water conservation programs, primarily through conservation districts in the 50 states, Puerto Rico, and the Virgin Islands. As of June 30, 1976, about 3,000 conservation districts cover 97% of the nation's farm and ranch lands. Activities include:

1. Technical assistance to district cooperators and other landowners in the development of plans and application of conservation treatments;
2. Land inventory and monitoring to provide soil, water and related resource data for land conservation, use, and development, guidance of community development, identification of prime agricultural producing areas that should be protected, use in protecting the quality of the environment, and inventory reports of resource conditions;
3. Soil surveys are made as an inventory of a basic resource and to determine land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other federal agencies, state and local organizations;
4. Snow survey water forecasting from basic data collected to provide estimates of water in high mountain snow packs and relating this to summer stream flow; and
5. Plant materials centers to assemble, test, and encourage increased use of plant species which show promise for use in conservation problem areas.

River Basin Surveys and Investigations Program involves cooperation with other federal, state and local agencies in the conduct of river basin surveys and investigations and flood hazard analyses in order to aid in the development of coordinated water resource programs. SCS represents the Department on the Water Resources Council, river basin commissions and river basin interagency committees for coordination among federal departments and states.

Watershed Planning Program consists of (a) making preliminary investigations to assess proposed small watershed projects in response to requests made by sponsoring local organizations, and (b) assistance to sponsors in the development of watershed work plans. SCS is responsible for development of guiding principles and procedures.

Watershed and Flood Prevention Operations Program activities include:

1. Flood Prevention Operations: Planning and installing works of improvement for flood prevention and for the conservation, development, utilization, and disposal of water. This may also include the development of recreational facilities and the improvement of fish and wildlife habitat. Activities are authorized in 11 Flood Prevention watersheds.

2. Emergency work for runoff retardation and soil erosion prevention to safeguard lives and property from floods and products of erosion on any watershed whenever fire or any other natural element or force has caused a sudden impairment of that watershed.
3. Watershed Operations: Cooperation with local sponsors, state and other public agencies in the installation of planned works of improvement in approved watershed projects. Works of improvement reduce erosion, floodwater and sediment damage. Watershed work furthers the conservation, development, utilization, and disposal of water, including the development of recreational facilities and improvement of fish and wildlife habitat.
4. Loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement. Loans are made on an insured basis from the Agricultural Credit Insurance Fund administered by the Farmers Home Administration.

Great Plains Conservation Program activities include:

1. Cost-sharing of conservation practices under long-term contracts with farmers and ranchers in designated counties of the ten Great Plains States.
2. Cost-share programming and contract administration and technical assistance to help make needed land use adjustments and install conservation measures specified in basic conservation plans in accordance with contract schedules.

Resource Conservation and Development Program activities include:

1. Project planning assistance to help local sponsors develop overall programs and plans for land use and conservation.
2. Technical assistance and cost-sharing assistance to sponsors, local groups and individuals in carrying out such plans and programs.
3. Loans services for resource improvements and developments in approved projects. Loans are made on an insured basis from the Agricultural Credit Insurance Fund administered by the Farmers Home Administration.

Program Administration: SCS maintains its central office in Washington, D.C. Most of its activities, however, are carried out in about 3,050 field offices in the 50 states and Puerto Rico. Four technical service centers provide program coordination and technical support. This includes services such as engineering and watershed planning, cartographic work, soil mechanics and other laboratories, professional help in agronomy, soils, biology, forestry, plant materials, range conservation, and other technical work. Technical programs are carried out in cooperation with conservation districts and other sponsoring local organizations. As of October 31, 1976, there were 13,414 full-time employees and 3,125 part-time, intermittent and other employees.

Available Funds and Man-Years
1976 and Estimated, 1977 and 1978

Item	Actual		Estimated		Budget Estimate	
	1976		Available, 1977		1978	
	Amount	Man-Years	Amount	Man-Years	Amount	Man-Years
Soil Conservation Service:						
Conservation Operations ...	\$206,807,000:	9,873:	\$223,144,000:	10,235:	\$229,060,000:	10,235
River Basin Surveys and						
Investigations	14,745,000:	561:	15,362,000:	561:	15,006,000:	517
Watershed Planning	11,196,000:	422:	11,651,000:	418:	10,647,000:	384
Watershed and Flood Preven-						
tion Operations	211,745,000:	2,844:	160,039,000:	3,343:	138,992,000:	2,587
Great Plains Conservation						
Program	22,379,000:	329:	21,639,000:	336:	5,499,000:	283
Resource Conservation and						
Development	29,972,000:	748:	30,679,000:	748:	23,283,000:	531
Total	496,844,000:	14,777:	462,514,000:	15,641:	422,487,000:	14,537
Deduct allotments to other						
agencies	-21,322,246:	-575:	-18,916,000:	-577:	-12,530,000:	-478
Net	475,521,754:	14,202:	443,598,000:	15,064:	409,957,000:	14,059
Obligations under other USDA:						
appropriations:						
Reimbursement for techni-						
cal assistance to:						
Agricultural Conservation						
Program and Emergency						
Conservation Measures ...	14,844,187:	933:	9,335,000:	586:	6,500,000:	404
Other USDA agencies and						
within SCS	2,166,184:	101:	2,471,000:	100:	2,471,000:	100
Allocations for technical						
assistance to:						
Water Bank Program	522,289:	25:	1,000,000:	29:	- -	25
Total, Other USDA						
Appropriations	17,532,660:	1,059:	12,806,000:	715:	8,971,000:	529
Total, Agriculture						
Appropriations	493,054,414:	15,261:	456,404,000:	15,779:	418,928,000:	14,588
Other Federal Funds	7,314,380:	130:	9,039,000:	185:	10,105,000:	231
Non-Federal Funds	9,279,038:	284:	11,305,000:	363:	11,248,000:	331
Total, Soil Conservation						
Service	509,647,832:	15,675:	476,748,000:	16,327:	440,281,000:	15,150

End-of-Year Employment:	1976	1977	1978
	Actual	Estimated	Estimated
Permanent full-time	13,510 ^{1/}	13,955	13,830
Other	2,984	2,575	2,570
Total	16,494	16,530	16,400

^{1/} Includes 4 worker trainee opportunity positions.

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service

Personnel Summary by Organizational Level
FY 1976 Actual

	Positions Authorized Permanent	Positions Authorized Temporary	Positions Filled 6/19- Permanent	Positions Filled 6/19- Temporary	Average GS Salary	Average GS Grade	Average Salary - Ungraded	Man-Years GS Personnel
Washington Headquarters	334	22	330	21	\$21,668	10.65	\$19,273	351
Technical Service Centers (Incl. CA)	731	93	722	93	16,751	8.54	16,886	806
Other National Units	82	14	83	14	22,238	10.93	27,040	92
State Offices	1,365	273	1,361	265	16,624 1/	8.59 1/	18,507 1/	1,568
State Technical Specialists ..	425	39	419	41				451
Plant Materials Center	71	76	70	75				113
Miscellaneous State Units	965	201	962	190				1,128
Area Office Staffs	1,622	288	1,625	278				1,821
Field Office Staffs	7,935	2,019	7,938	2,007				9,345
Subtotal, SCS Direct, and Reimbursable, and Miscella- neous Contributed Funds ...	13,530	3,025	13,510	2,984	15,860	8.63	15,368	15,675
Allocations to Other Agencies:								
Agricultural Stabilization and Conservation Service ..					17,412	9.04	--	2
Economic Research Service ...					18,885	10.13	--	97
Farmers Home Administration .					14,765	8.11	--	45
Forest Service					16,084	8.74	--	431
Subtotal, Allocations								575
Total	13,530	3,025	13,510 2/	2,984				16,250

1/ Includes all employees below the state office level.

2/ Includes 4 worker trainees opportunity positions.

UNITED STATES DEPARTMENT OF AGRICULTURE
Soil Conservation Service

Personnel Summary
FY 1976 Actual

	<u>Agency 1/</u>	<u>Permanent Full-time</u>	<u>Other</u>	<u>Total Man-Years</u>
Conservation Operations	SCS	8,749	1,124	9,873
River Basin Surveys and Investigations	SCS	349	60	409
	ERS	66	18	84
	FS	56	12	68
	<u>Subtotal</u>	<u>471</u>	<u>90</u>	<u>561</u>
Watershed Planning	SCS	357	38	395
	ERS	1	--	1
	FS	22	4	26
	<u>Subtotal</u>	<u>380</u>	<u>42</u>	<u>422</u>
Watershed and Flood Prevention Operations	SCS	2,091	380	2,471
	ERS	6	1	7
	FmHA	33	--	33
	FS	142	191	333
	<u>Subtotal</u>	<u>2,272</u>	<u>572</u>	<u>2,844</u>
Great Plains Conservation Program ..	SCS	284	43	327
	ASCS	2	--	2
	<u>Subtotal</u>	<u>286</u>	<u>43</u>	<u>329</u>
Resource Conservation and Development	SCS	614	113	727
	ERS	4	1	5
	FmHA	12	--	12
	FS	3	1	4
	<u>Subtotal</u>	<u>633</u>	<u>115</u>	<u>748</u>
Total Direct Program	SCS	12,444	1,758	14,202
	ASCS	2	--	2
	ERS	77	20	97
	FmHA	45	--	45
	FS	223	208	431
	<u>Total</u>	<u>12,791</u>	<u>1,986</u>	<u>14,777</u>
Reimbursable Programs	SCS	1,226	194	1,420
Miscellaneous Contributed Funds	SCS	26	2	28
Allocation from ASCS (Water Bank) ..	SCS	20	5	25
Total Program	SCS	13,716	1,959	15,675
	ASCS	2	--	2
	ERS	77	20	97
	FmHA	45	--	45
	FS	223	208	431
Total Man-years, SCS Appropriations and Allocation to SCS		<u>14,063</u>	<u>2,187</u>	<u>16,250</u>

1/SCS: Soil Conservation Service

ASCS: Agricultural Stabilization Conservation Service

ERS: Economic Research Service

FS: Forest Service

UNITED STATES DEPARTMENT OF AGRICULTURE
SOIL CONSERVATION SERVICE

Salaries and Expenses
FY 1976 Actual
(Dollars in Thousands)

	Total Obligations	Conservation Operations	River Basin Surveys and Investi- gations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program	Resource Conservation and Development
Management and Program Direction							
Washington Headquarters	\$ 10,311	\$ 5,587	\$ 692	\$ 673	\$ 2,474	\$ 292	\$ 593
State Offices	36,667	23,093	1,364	1,355	8,113	631	2,111
Technical Service Centers							
(Incl. CA)	2,451	1,589	123	176	484	17	62
Other National Units	48	--	--	--	48	--	--
Subtotal	49,477	30,269	2,179	2,204	11,119	940	2,766
%	(16.08)	(14.83)	(19.77)	(20.77)	(18.90)	(15.47)	(16.27)
Technical Support							
State Technical Specialists	12,136	8,118	447	497	2,236	52	786
Technical Service Centers							
(Incl. CA)	6,030	3,810	354	623	999	23	221
Other National Units	647	17	66	139	425	--	--
Subtotal	18,813	11,945	867	1,259	3,660	75	1,007
%	(6.12)	(5.85)	(7.87)	(11.87)	(6.22)	(1.23)	(5.92)
Program Operations							
Technical Service Centers	8,863	6,881	121	313	1,344	13	191
Plant Materials Centers	2,123	2,105	--	--	18	--	--
Other National Units	6,548	5,276	73	70	918	93	118
Miscellaneous State Units	27,351	2,869	6,814	6,110	9,966	35	1,557
Area Office Staffs	36,869	27,185	241	170	6,111	769	2,393
Field Office Staffs	157,568	117,553	725	481	25,691	4,149	8,969
Subtotal	239,322	161,869	7,974	7,144	44,048	5,059	13,228
%	(77.80)	(79.32)	(72.36)	(67.36)	(74.88)	(83.30)	(77.81)
Total	307,612	204,083	11,020	10,607	58,827	6,074	17,001
%	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)	(100.00)

	Total Obligations	Conservation Operations	River Basin Surveys and Investi- gations	Watershed Planning	Watershed and Flood Prevention Operations	Great Plains Conservation Program	Resource Conservation and Development
Organizational Summary							
Washington Headquarters	10,311	5,587	692	673	2,474	292	593
State Offices	36,667	23,093	1,364	1,355	8,113	631	2,111
State Technical Specialists	12,136	8,118	447	497	2,236	52	786
Technical Service Centers	17,344	12,280	598	1,112	2,827	53	474
Plant Materials Centers	2,123	2,105	--	--	18	--	--
Other National Units	7,243	5,293	139	209	1,391	93	118
Miscellaneous State Units	27,351	2,869	6,814	6,110	9,966	35	1,557
Area Office Staffs	36,869	27,185	241	170	6,111	769	2,393
Field Office Staffs	157,568	117,553	725	481	25,691	4,149	8,969
TOTAL SCS	307,612	204,083	11,020	10,607	58,827	6,074	17,001
Cost-Share/Construction	116,223	12	--	--	88,163	16,259	11,788
Total SCS Obligations, Net	423,834	204,095	11,020	10,607	146,990	22,333	28,789
Agricultural Stabilization &							
Conservation Service	94	--	--	--	--	94	--
Economic Research Service	2,672	--	2,455	13	92	--	112
Extension Service	229	--	--	--	--	--	229
Farmers Home Administration	739	--	--	--	540	--	199
Forest Service	11,803	--	1,691	619	8,744	--	749
Subtotal	15,537	--	4,146	632	9,376	94	1,289
TOTAL OBLIGATIONS, NET	\$439,371	\$204,095	\$15,166	\$11,239	\$156,366	\$22,427	\$30,078

Conservation Operations

Appropriation Act, 1977	\$214,423,000
Budget Estimate, 1978	229,060,000
Increase in Appropriation	<u>+14,637,000</u>

Adjustments in 1977		
Appropriation Act	\$214,423,000	
1977 Supplemental Appropriation for pay costs	<u>8,721,000</u>	
Adjusted base for 1978		223,144,000
Budget estimate, 1978		<u>229,060,000</u>
Increase over adjusted 1977		<u><u>5,916,000</u></u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1977</u>	<u>Increase or Decrease</u>	<u>1978 Estimate</u>
GSA space rental cost	\$ 5,272,000	\$ +3,536,000	\$ 8,808,000
Annualization of the pay cost increase effective in FY 1977	8,721,000	+194,000	8,915,000
Working Capital Fund Services	(1,998,000)	+336,000	336,000
Operating support costs	--	+1,850,000	1,850,000
All other	<u>209,151,000</u>	<u>--</u>	<u>209,151,000</u>
Total available	<u><u>223,144,000</u></u>	<u><u>+5,916,000</u></u>	<u><u>229,060,000</u></u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>1976</u>	<u>1977 (estimated)</u>	<u>Increase or Decrease</u>	<u>1978 (estimated)</u>
1. Technical assistance				
(a) Planning	\$ 67,519,000	\$ 69,703,000	\$+1,593,000	\$ 71,296,000
(b) Application	97,981,000	104,554,000	+2,390,000	106,944,000
Total technical assistance	<u>165,500,000</u>	<u>174,257,000</u>	<u>+3,983,000(1)</u>	<u>178,240,000</u>
2. Land inventory and monitoring	--	2,603,000	+153,000(2)	2,756,000
3. Soil survey	36,354,000	40,623,000	+1,722,000(3)	42,345,000
4. Snow survey and water forecasting	2,530,000	2,936,000	+37,000(4)	2,973,000
5. Operation of plant material centers	2,423,000	2,725,000	+21,000(5)	2,746,000
Total available or estimate ..	<u>206,807,000</u>	<u>223,144,000</u>	<u><u>+5,916,000</u></u>	<u><u>229,060,000</u></u>
Proposed supplemental for pay increase costs	--	-8,721,000		
Total appropriation	<u><u>206,807,000</u></u>	<u><u>214,423,000</u></u>		

PROJECT STATEMENT
(On basis of available funds)

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Direct obligations				
1. Technical assistance				
(a) Planning	\$ 63,434,394	\$ 71,117,584	\$ +178,416	\$ 71,296,000
(b) Application	95,151,590	106,676,375	+267,625	106,944,000
Total technical assistance	158,585,984	177,793,959	+446,041	(1) 178,240,000
2. Land inventory and monitoring	--	2,603,000	+153,000	(2) 2,756,000
3. Soil survey	39,933,444	40,623,247	+1,721,753	(3) 42,345,000
4. Snow survey and water forecasting	3,208,191	3,843,906	-870,906	(4) 2,973,000
5. Operation of plant material center	2,367,109	2,837,520	-91,520	(5) 2,746,000
Total direct obligations	204,094,728	227,701,632	+1,358,368	229,060,000
Unobligated balance brought forward	(-6,019,632)	(-4,557,632)	(+4,557,632)	(--)
Unobligated balance carried forward	(8,731,904)	--	--	(--)
Adjusted appropriation	(206,807,000)	(223,144,000)	(5,916,000)	(229,060,000)
Reimbursable obligation:				
1. Technical assistance:				
(a) Planning	2,277,616	1,651,000	-283,000	1,368,000
(b) Application	20,498,535	14,863,000	-2,552,000	12,311,000
Total technical assistance	22,776,151	16,514,000	-2,835,000	13,679,000
2. Land inventory and monitoring	--	22,000	--	22,000
3. Soil survey	4,374,054	5,346,000	--	5,346,000
4. Snow survey and water forecasting	170,453	219,000	--	219,000
5. Operation of plant materials centers	227,341	237,000	--	237,000
Reimbursable obligations	27,547,999	22,338,000	-2,835,000	19,503,000
Obligational authority	231,642,727	250,039,632	-1,476,632	248,563,000

SOURCES OF REIMBURSEMENTS

Within USDA:				
Agricultural Stabilization and Conservation Service .	14,844,187	9,335,000	-2,835,000	6,500,000
Other	1,806,628	1,883,000	--	1,883,000
Other Federal:				
Agency for International Development	731,826	1,198,000	--	1,198,000
Other	5,211,384	4,206,000		4,206,000
Non-federal:				
States and counties for soil surveys	2,771,170	3,500,000		3,500,000
Other	2,182,804	2,216,000		2,216,000
Total reimbursement	27,547,999	22,338,000	-2,835,000	19,503,000

OUTLAYS

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
1. Technical assistance:				
(a) Planning	\$ 64,876,084	\$ 68,877,000	+\$1,713,000	\$ 70,590,000
(b) Application	97,314,128	103,316,000	+2,564,000	105,880,000
Total technical assistance	162,190,212	172,193,000	+4,277,000	176,470,000
2. Land inventory and monitoring	--	2,521,000	+208,000	2,729,000
3. Soil survey	40,143,066	39,343,000	+2,588,000	41,931,000
4. Snow survey and water forecasting	2,353,407	3,723,000	-780,000	2,943,000
5. Operation of plant materials centers	2,796,045	2,747,000	-28,000	2,719,000
Total outlays	<u>207,482,730</u>	<u>220,527,000</u>	<u>+6,625,000</u>	<u>226,792,000</u>

EXPLANATION OF PROGRAM

The appropriation "Conservation Operations" funds, Soil Conservation Service activities authorized by the Act of April 27, 1935, (16 U.S.C. 590a-590f). These activities are designed to reduce erosion, solve soil and water management problems, bring about physical adjustments in land use, improve agriculture and reduce damage caused by floods and sedimentation. Activities include:

- Technical assistance - the Soil Conservation Service provides technical assistance to about 3,000 conservation districts. These districts, formed under state enabling legislation and locally controlled, have within their boundaries about 99 percent of the farms and ranches in the nation. Through these conservation districts, the Soil Conservation Service provides technical help to more than 2,300,000 district cooperators, who are primarily farmers and ranchers, having land use and conservation problems.

More than 900,000 district cooperators receive help on an annual basis. About 15,000 groups of land users and about 30,000 state and local units of government were assisted with problems of land use, conservation, or building and water resource developments during FY 1976.

Conservation plans developed by land users consist of their decisions to achieve conservation objectives and contain soil and capability maps and other basic resource data interpreted for alternative uses and treatment. As of June 30, 1976, about 44 percent of the operating units in conservation districts had been planned with SCS technical assistance.

Installation services are provided to cooperating land users to help them apply planned conservation programs. These services include site investigation designs and specifications, construction plans, and layout of practices.

Technical services are provided to individual and group participants in the Agricultural Conservation Program for complete conservation plans and site selection, layout, or establishment of specified conservation practices.

- Land inventory and monitoring - the land inventory and monitoring program provides soil, water, and related resource data for national assessments. The program focuses on acceleration of the identification of prime and unique farmlands that are needed to maintain our natural resource base and produce food, feed, forage, fiber and oilseed crops; and initiate a national erosion and sediment survey--to provide data needed to plan for the control of nonpoint sources of pollution (erosion and sediment).
- Soil surveys - special investigations, and interpretations are made to determine the kinds of soil, potential alternative uses, and their needs for full use and conservation. Each soil survey includes field mapping and necessary

correlation, interpretation, investigations, and laboratory work. These surveys are conducted cooperatively with other federal agencies, land grant colleges, other state agencies, and local organizations. The published soil survey for a county or designated area includes maps with explanatory information useful in many federal, state, county and local community programs. Special reports are prepared and released as needed for local uses.

- Soil surveys are needed on the total 2.3 billion acres of land in the United States and Caribbean Area. Detailed, reconnaissance, and exploratory soil surveys have been made on one billion acres as of June 30, 1976. Soil survey mapping will be completed on about 50 million acres in FY 1978.
- Snow survey water forecasting - snow survey water forecasting provides valuable service to irrigators and others who rely upon snow data and water supply forecasts in planning annual operations. More than 9,000,000 acres of irrigated land in the Western States are served by water supply forecasts. Although water supply forecasts are geared primarily to the needs of rural farm and ranch operators, they are also helpful to a wide variety of water management groups that have responsibility for flood control, recreation, fish and wildlife, power generation, municipal and industrial water supply and water quality management. Five hundred mountain snow courses will be converted from manual to automated data collection systems by 1980.
- Operation of plant materials centers - Plant materials centers are operated for testing and selection of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work at the twenty centers includes cooperation with state and federal agencies, commercial businesses and seed associations to encourage production, release, and use of new or uncommon plant materials needed in soil and water conservation programs. Over 120 new conservation plant varieties from this program are in large-scale use in combating the many problems encountered in a total program of soil, water, and related resource conservation. An average of five new conservation plants are released each year for conservation purposes.

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase of \$3,983,000 in appropriation for technical assistance: (on the basis of available funds this is an increase of \$446,041).
 - (a) An increase of \$2,795,000 for space rental cost pursuant to PL 92-313.
 - (b) An increase of \$150,000 for annualization of pay increases effective in FY 1977.
 - (c) An increase of \$225,000 for Working Capital Fund services.
 - (d) An increase of \$813,000 primarily for increased field office operating support costs such as utilities, local duplicating and copy services, and reception-secretarial services needed to improve program delivery to the public.
- (2) An increase of \$153,000 in appropriation for a program of land inventory and monitoring.
 - (a) An increase of \$48,000 for space rental cost pursuant to PL 92-313.
 - (b) An increase of \$2,000 for annualization of pay increases effective in FY 1977.
 - (c) An increase of \$103,000 for increased printing costs and field office operating support cost such as utilities, local duplicating and copy services and reception-secretarial services needed to improve program delivery to the public.
- (3) An increase of \$1,722,000 in appropriation for soil surveys (on the basis of available funds this is an increase of \$1,721,753).
 - (a) An increase of \$658,000 for space rental cost pursuant to PL 92-313.

- (b) An increase of \$35,000 for annualization of pay increases effective in FY 1977.
 - (c) An increase of \$93,000 for Working Capital Fund services.
 - (d) An increase of \$319,000 for increased field office operating support cost such as utilities, local duplicating and copy services and reception-secretarial services needed to improve program delivery to the public.
 - (e) An increase of \$617,000 for increased GPO printing and binding costs of soil surveys.
- (4) An increase of \$37,000 in appropriation for snow survey and water forecasting (on the basis of available funds this is a decrease of \$870,906).
- (a) An increase of \$23,000 for space rental cost pursuant to PL 92-313.
 - (b) An increase of \$2,000 for annualization of pay increases effective in FY 1977.
 - (c) An increase of \$4,000 for Working Capital Fund services.
 - (d) An increase of \$8,000 for increased field office operating support cost such as utilities, local duplicating and copy services and reception-secretarial services needed to improve program delivery to the public.
- (5) An increase of \$21,000 in appropriation for operation of plant materials centers (on the basis of available funds this is a decrease of \$91,520).
- (a) An increase of \$12,000 for space rental cost pursuant to PL 92-313.
 - (b) An increase of \$5,000 for annualization of pay increases effective in FY 1977.
 - (c) An increase of \$4,000 for Working Capital Fund services.

STATUS OF PROGRAM

Current Activities: The Soil Conservation Service, a technical agency of the United States Department of Agriculture, was established to carry out provisions of the Soil Conservation and Domestic Allotment Act, PL 74-46, April 27, 1935. Technical assistance is provided to conservation districts and other organizations in matters of soil and water conservation. Such assistance is essential to help landowners, units of government, operators and groups develop land use programs and plan and install conservation measures.

The basic objectives of conservation operations include use of land within its capability and applying treatments in accordance with the needs of land for protection and improvement.

Cooperative Work with Local Conservation Districts

The Soil Conservation Service furnishes technical and other assistance to farmers, ranchers, rural communities, and others through nearly 3,000 soil and water conservation districts under the terms of memorandums of understanding. Conservation districts are units of government formed under authority of state laws. Local people plan, direct and participate in the conservation programs of the districts.

Service technicians are assigned to work directly with landowners and operators. They help develop conservation plans for individual farms, ranches, or other units of land. They also help develop schedules for the application of needed combinations of practices. This working relationship combines the practical experience of land users with the scientific knowledge and skills of professional conservationists to develop and carry out locally-adapted conservation programs. Such programs enhance the quality of rural living and contributes to an improved environment for all.

Rural Development

The Soil Conservation Service helps rural leaders determine land capability and potential uses through furnishing facts and interpretations of soil, water, and related resources. SCS provides assistance to state and local rural development committees and other planning and development agencies and organizations. Goals of this assistance include control of erosion, water management, protection and improvement of public facilities, location of industries in nonmetropolitan areas and promoting resource-related economic development.

Types of Assistance Furnished

Technical services and other assistance furnished by the Soil Conservation Service under this appropriation include the following activities:

1. Technical assistance:

- a. Planning assistance is furnished farmers, ranchers, other land users and to state and local units of government involved in establishing public policy regarding the use and treatment of land. Technical assistance is used to determine alternative land uses and treatment needs. The conservation plan developed consists of a soil and capability map and other basic resource data interpreted for alternative uses and treatment, and the land user's recorded decisions to achieve his conservation objectives.

Planning assistance in the form of inventories, evaluations, and interpretations of soil and water data is provided to individuals, groups, and units of government concerned with the use and development of land and water resources. This includes soils, vegetative, biology and water management data suitable for making land use and treatment



Soil Conservation Service personnel and local conservation district supervisors work together in providing the public with information on solving natural resource problems.

decisions. Highway departments, planning and zoning boards, tax commissions, and local governing bodies rely on these data in the performance of their assigned responsibilities.

Assistance is furnished to people acting together to make group decisions about neighborhood and community soil, water, and related resource problems, needs and opportunities. Assistance involves preparing inventories and evaluations essential for sound group plans. Group plans typically involve efficient use or disposal of water, stabilization of critical areas, reduction of stream pollution or the prevention of flood and sediment damages.

- b. Application assistance is provided cooperating land users to help them install planned conservation practices. Assistance includes site investigations, designs and specifications, construction plans, and layout of practices on their lands.

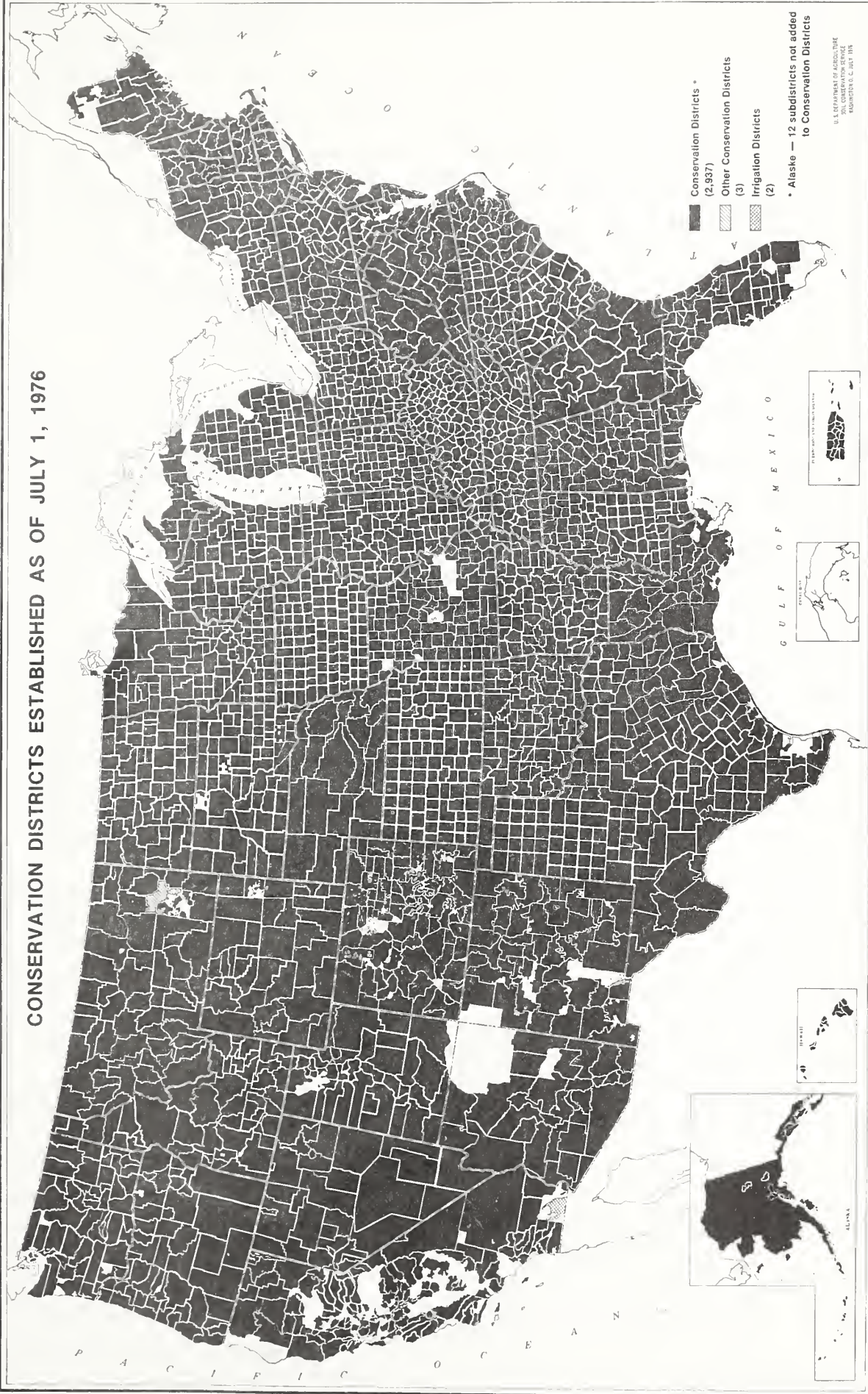
Technical services are provided to individuals and group participants in the Agricultural Conservation Program for site selection, layout, or establishment of conservation practices specified in long-term agreements.

2. A national program of land inventory and monitoring to provide soil, water and related resource data for land conservation, use, and development, for guidance of community development, for identification of prime agricultural producing areas that should be protected, for use in protecting the quality of the environment, and periodically to issue land inventory reports of resource conditions.
3. Soil surveys explain the kinds of soil, potential alternative uses of the soils, and their needs for full use and conservation. Each soil survey includes field mapping and necessary correlation, interpretation, investigations, and laboratory work. Soil surveys are conducted cooperatively with other federal agencies, and land grant universities, other state agencies and local organizations. The published soil survey includes maps with explanatory information useful in many federal, state, county and local community programs. Interim and supplemental reports are prepared and released as needed for local uses.
4. Snow surveys are conducted in the Western States including Alaska. Data collected are the basis for water supply forecasts. The forecasts provide short-term and seasonal estimates of runoff volumes useful for planning irrigation, stream and reservoir regulation, power generation and other water uses. Data collected are also valuable for predicting flooding. Water supply forecasts are provided the public, other state and federal agencies, groups of water users and individuals for their guidance in the efficient use and management of available water supplies.
5. Plant materials centers are operated for selection and testing of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work of these centers includes cooperation with state and federal agencies, commercial concerns and seed associations to encourage production, release, and use of new or uncommon plant materials that fill specific needs in soil and water conservation programs.

Local, State and Federal Participation in Conservation District Programs

Officials of conservation districts are local leaders in development and operation of appropriate land use and conservation treatment programs on private and other lands within the districts. They solicit local, state and federal participation in locally-adapted programs that conserve and improve land and water resources. Over the years they have developed cooperative ways of financing conservation programs

CONSERVATION DISTRICTS ESTABLISHED AS OF JULY 1, 1976



which provide numerous public and private benefits. The 2 million private land-owners and operators, who cooperate in district programs, finance more of the program cost than all public sources combined. State and local contributions continue to increase.

Conservation Operations funds obligated and man-years used in 1976 by state were:

<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>	<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>
Alabama	\$3,840,548	199.0	Nebraska	\$7,585,407	360.2
Alaska	646,276	15.7	Nevada	1,728,555	72.5
Arizona	2,141,216	112.0	New Hampshire	803,179	39.1
Arkansas	4,670,548	274.0	New Jersey	1,141,282	53.1
California	7,067,493	351.1	New Mexico	3,967,093	196.6
Colorado	5,211,795	254.1	New York	3,755,223	191.7
Connecticut	545,461	27.6	North Carolina	4,489,909	238.6
Delaware	345,765	19.6	North Dakota	3,384,371	150.6
District of Columbia	10,862,698	220.4	Ohio	4,387,380	220.4
Florida	3,030,002	152.4	Oklahoma	5,481,310	326.5
Georgia	5,310,884	292.8	Oregon	6,572,820	272.6
Hawaii	918,745	36.3	Pennsylvania	4,408,172	207.1
Idaho	3,849,255	156.5	Puerto Rico	1,300,802	57.9
Illinois	5,029,300	245.1	Rhode Island	232,474	12.1
Indiana	4,575,485	233.1	South Carolina	2,963,749	162.9
Iowa	5,263,920	261.5	South Dakota	3,277,677	158.5
Kansas	5,672,436	297.2	Tennessee	4,032,957	207.6
Kentucky	4,496,910	221.5	Texas	18,934,952	979.0
Louisiana	3,254,731	168.4	Utah	2,939,887	116.1
Maine	1,091,396	54.8	Vermont	918,883	46.3
Maryland	4,656,537	300.7	Virginia	3,255,140	169.4
Massachusetts	848,647	39.7	Washington	4,240,951	200.5
Michigan	4,002,035	206.5	West Virginia	2,592,099	138.6
Minnesota	4,367,914	204.8	Wisconsin	3,468,219	178.9
Mississippi	4,347,048	232.3	Wyoming	3,049,078	131.0
Missouri	4,953,833	228.0			
Montana	4,182,281	180.1			
			Total		
			Conservation		
			Operations	204,094,728	9,873.0

Status of District Organization as of 6/30/76

A total of 6 new conservation districts were formed in FY 1976. Seven previously established districts merged with other districts and one was deleted. Overall, the total number of districts decreased by 2. About 5 million acres were transferred between districts. Over 2.2 million acres were added to 36 existing districts. The net increase of new territories brought into districts in 1976 was 2,449,859 acres. About 97 percent of the total farm and ranch lands and about 99 percent of the farms and ranches in the nation are now within boundaries of conservation districts. The following table shows the classification, number and area of districts and number of farms as of June 30, 1976.

Summary of Conservation Districts Organized, by Kinds of Districts, Cumulative to July 1, 1976.

<u>Kind of District</u>	<u>State</u>	<u>Districts</u>	<u>Approximate</u>	<u>Farms</u>
	49	No.	Area	
			Acres	
Soil & Water Cons. Dist.	States	2,911	2,208,696,353	2,703,370
	Caribbean			
Soil & Water Cons. Dist.	Area	18	1,946,958	33,153

Kind of District	State	Districts No.	Approximate	Farms No.
			Area Acres	
Work Areas (called Dist.)	Conn.	8	3,112,000	4,490
Grass Cons. Districts	Mont.	3	1,388,071	281
Imperial Irrigation Dist.	Calif.	1	908,195	822
Elephant Butte Irrigation District	N. Mex.	1	133,588	52
Total Conservation Districts		2,942	2,216,185,165	2,742,168

Land in farms in districts	Acres	Percent
United States	1,035,523,708	97.38
Caribbean Area	1,335,959	100.00
Total	1,036,859,667	97.39

Farms in districts	Number	Percent
United States	2,709,015	99.22
Caribbean Area	33,153	100.00
Total	2,742,168	99.23

Projected District Organization

Six new soil and water conservation districts are expected to be organized in FY 1977. Formation of another 4 new districts is anticipated in 1978. About 10 more districts are expected to be organized within the next few years. The following table shows the current projection with estimated number of farms and acreage:

	Number of Districts	Acreage in Districts		Number of Farms
		Total Area	Land in Farms	
<u>Actual</u>				
June 30, 1975	2,944	2,213,735,306	1,034,574,909	2,734,631
Average per SCD	--	751,948	351,418	929
June 30, 1976	2,942	2,216,185,165	1,036,859,667	2,742,168
Average per SCD	--	753,292	352,433	932
<u>Estimate</u>				
June 30, 1977	2,938	2,217,121,000	1,038,430,000	2,749,705
Average per SCD	--	754,636	352,433	936
June 30, 1978	2,934	2,218,045,000	1,038,430,000	2,757,242
Average per SCD	--	755,980	354,463	940

The number of farms shown is based on the 1969 Census of Agriculture, adjusted slightly to reflect continued changes in total number of farms in the United States. The average size of farms in districts as of June 30, 1976, was 378 acres. Trends in recent years have been to larger farms and to more specialization. Continuation of these trends and subdivisions of private properties are expected. Conservation plans must be revised to reflect land use changes, changes in farm enterprises and adaptation to changing technology and world-wide conditions. An estimated 4.6 million small rural residences, recreation sites and other units of land need assistance of conservation districts to control rainwater runoff and soil erosion which adversely affects neighboring farms and rural communities.

Information Services

Current information work of the Soil Conservation Service is directed toward encouraging farmers and ranchers to apply appropriate conservation practices on their land to slow down soil erosion from wind and water. Expanding crop production is making heavier demands on soil and water resources, and the Service is making use of several media to stress the importance of conservation on new cropland and land being used more intensively.

Other Service information efforts include making availability of published soil surveys better known to farmers and other land users; publishing how-to-do-it bulletins, like "Farming Terraced Land"; reporting on new developments, as in "New Plants for Conservation"; and helping to exchange ideas for rural community growth and development.

Information is issued through press releases, photographs, slide presentations, publications, speeches, magazine articles, and short radio and television public service announcements. Each district conservationist plans and conducts an information program to fit specific local needs.

The monthly SOIL CONSERVATION magazine keeps SCS technicians and others informed of current trends and new developments. This magazine is sent to all Service offices and to conservation district directors and supervisors. In recent months, the magazine has included articles and editorials on subjects such as windbreaks, wildlife management, conservation cropping systems, deferred grazing, range seeding, stripcropping, terracing, brush control, woodland site preparation, irrigation, and critical area plantings. Collections of articles on a single subject are periodically pulled together and issued as reprints from the magazine, providing the public with inexpensive yet useful publications.

The Service continues to supply technical information and assistance to schools and colleges in developing outdoor classrooms and natural resource teaching areas.

Planning Assistance

Conservation planning assistance helps individuals, groups, and rural communities plan solutions to problems associated with the development and use of soil and water resources. This assistance is basic to conservation plans of individuals and groups and resource development plans of rural communities. Conservation plans provide for the use, development, and conservation of soil, water and related resources. They meet the needs and desires of those who own, use or control the resources. Conservation plans guide community and national development and maintenance of soil and water resources.

Conservation Planning: The Service will accelerate planning assistance to those land users who need technical assistance in order to increase production and protect valuable soil and water resources. Many conservation plans need updating to reflect decisions and alternatives necessary to maintain high production and adjust to changing technology.

Current technical information is provided to help farmers, ranchers, units of government and others planning or using land to make wise land use decisions. Such decisions are essential to meet national objectives to maintain the soil and water resource base, reduce erosion, and control agricultural related pollutants. Decisions also reflect the resource management objectives of the individual. Conservation work helps maintain a quality environment. Conservation plans include needed land use conversions, conservation treatment, and installation schedules specifically tailored to the labor, equipment, capital, and managerial ability of the individual land user.

Many soil, water and related resource problems common to a community can be solved best by people working together in groups. Planning assistance includes soil, water, plant, and other resource inventory data. The Service assists the group or community explore alternative solutions in development of plans to meet desires and objectives of the group in management and development of their resources.



Sound conservation planning protects this Ohio farm through the application of a contour strip cropping system designed to curb water runoff and prevent soil erosion.



A balanced soil and water conservation program, reflected in this Maryland scene, results in productive farms and stable rural areas.

Resource inventories and evaluations are provided rural communities to help them solve soil, water, and related problems and for rural development. Technical data provides a basis for comprehensive planning, land use and treatment ordinances, water laws, taxation, and other governmental devices essential to sound land use and management.

Plan Revision: Assistance is provided in keeping conservation plans current. Decision makers must revise and modify conservation plans as objectives, technology, economics, and other factors change.

Status of Conservation Planning Activity

Following is the number of district cooperators and progress in conservation planning with Conservation Operations planning assistance.

Item	Fiscal Year 1976 (Actual)a/		Net Change	Cumulative in SCD's - EOY
	Increase	Decrease		
Number of district cooperators	79,039	-64,485	+14,554	2,313,815
Number of conservation plans:				
Developed	58,618	-47,737	+10,881	1,725,899
Acres	22,161,501	-17,512,285	+4,649,216	597,071,301
Number of conservation plans:				
Revised	27,162	- -	- -	- -
Acres	18,765,352	- -	- -	- -
<u>Fiscal Year 1977 (Estimate)</u>				
Number of district cooperators	76,185	-60,000	+16,185	2,330,000
Number of conservation plans:				
Developed	65,101	-50,000	+15,101	1,741,100
Acres	27,993,699	-21,500,000	+6,493,699	603,565,000
Number of conservation plans:				
Revised	30,000	- -	- -	- -
Acres	20,700,000	- -	- -	- -
<u>Fiscal Year 1978 (Estimate)</u>				
Number of district cooperators	76,000	-60,000	+16,000	2,346,000
Number of conservation plans:				
Developed	66,000	-50,000	+16,000	1,757,000
Acres	28,380,000	-21,500,000	+6,880,000	610,445,000
Number of conservation plans:				
Revised	30,000	- -	- -	- -
Acres	20,700,000	- -	- -	- -

a/ In addition, 3,905 conservation plans and 1,935 revisions of plans were prepared in 1976 under other programs administered by the Soil Conservation Service.

As of June 30, 1976, about 44 percent of the operating units in conservation districts had been planned with technical assistance from the Soil Conservation Service.

Conservation Planning in Conservation Districts
by States and Nationally, June 30, 1976

States	Total CD's as of 6/30/76		Operating Units in CD's		Conservation Plans Prepared as of 6/30/76		% of Operating Units Planned		Cooperators Receiving Tech- nical Services	
	Number		Number	Acres	Number	Acres	Number	%	Number	%
Northeast										
Connecticut	8		10,441	1,158,018	3,326	336,306	31.9	29.0	3,070	
Delaware	3		7,722	1,077,283	2,839	399,734	36.8	37.1	1,274	
Maine	16		32,457	14,519,429	8,702	1,618,971	26.8	11.2	7,077	
Maryland	24		39,138	5,278,221	19,872	1,949,271	50.8	36.9	11,729	
Massachusetts	15		16,311	2,150,910	8,573	837,795	52.6	38.9	3,103	
New Hampshire	10		21,292	2,516,078	4,671	755,346	21.9	30.0	5,548	
New Jersey	15		10,352	1,256,956	4,646	525,961	44.9	41.8	3,122	
New York	56		119,956	16,329,246	29,196	4,285,126	24.3	26.2	19,368	
Pennsylvania	66		105,763	18,902,958	42,106	7,627,819	39.8	40.4	22,790	
Rhode Island	3		5,850	507,700	1,513	128,172	25.9	25.2	1,367	
Vermont	14		15,368	3,426,341	8,711	1,620,815	56.7	47.3	5,215	
Virginia	41		124,241	18,462,317	33,393	5,324,588	26.9	28.8	20,138	
West Virginia	14		72,772	12,913,890	35,410	4,581,628	48.6	35.5	21,343	
Caribbean	18		45,094	1,941,899	17,823	984,725	39.5	50.7	11,843	
Total	303		626,757	100,441,246	220,781	30,976,257	35.2	30.8	136,987	
South										
Alabama	67		101,216	23,222,573	52,218	10,284,683	51.6	44.3	30,882	
Arkansas	76		122,427	30,050,665	91,916	19,082,583	75.1	63.5	41,238	
Florida	60		56,957	25,446,834	22,223	8,154,205	39.0	32.0	14,540	
Georgia	27		151,768	31,092,349	96,616	18,363,114	63.7	59.1	38,493	
Kentucky	121		180,851	22,191,874	58,508	7,613,614	32.4	34.3	25,438	
Louisiana	35		94,437	26,432,586	43,512	9,272,852	46.1	35.1	19,662	
Mississippi	82		141,629	25,404,387	74,755	14,298,015	52.8	56.3	38,405	
North Carolina	92		174,321	21,339,436	63,794	7,614,969	36.6	35.7	33,262	
Oklahoma	88		135,147	40,530,611	97,316	29,313,747	72.0	72.3	43,532	
South Carolina	45		92,004	17,385,121	40,904	6,678,195	44.5	38.4	17,341	
Tennessee	95		164,416	19,775,624	46,533	6,220,018	30.1	31.4	27,223	
Texas	196		290,986	160,494,906	191,094	107,235,913	65.7	66.8	118,285	
Total	984		1,696,159	443,366,966	879,389	244,131,908	51.8	55.1	448,301	

Conservation Planning in Conservation Districts
by States and Nationally, June 30, 1976
(Continued)

States	Total CD's as of 6/30/76		Operating Units in CD's		Conservation Plans Prepared as of 6/30/76		% of Operating Units Planned		Cooperators Receiving Tech- nical Services	
	Number	Acres	Number	Acres	Number	Acres	Number	Acres	Number	
Mid-West										
Illinois	98		148,353	29,625,400	50,899	8,837,469	34.3	29.8	29,466	
Indiana	92		131,018	19,459,725	46,731	6,487,355	35.7	33.3	30,517	
Iowa	100		146,621	34,196,472	77,110	14,697,984	52.6	43.0	27,801	
Kansas	105		134,862	48,806,074	83,658	29,486,984	62.0	6.4	27,086	
Michigan	85		115,325	19,387,992	46,745	5,899,259	40.5	30.4	25,539	
Minnesota	92		132,351	34,980,475	39,140	8,703,093	29.6	25.1	24,269	
Missouri	109		167,322	34,200,660	37,486	7,903,997	22.4	23.1	28,255	
Nebraska	24		97,662	47,873,617	52,307	24,935,770	53.6	52.1	25,794	
North Dakota	64		50,251	43,029,377	34,078	28,732,454	67.8	66.8	21,035	
Ohio	88		137,532	19,543,391	56,730	7,346,818	41.2	37.6	37,376	
South Dakota	69		48,495	46,880,272	27,566	23,052,639	56.8	49.2	17,288	
Wisconsin	72		113,974	23,281,698	36,801	6,407,405	32.3	27.5	17,949	
Total	998		1,423,766	401,265,153	589,251	172,569,261	41.4	43.0	312,375	
West										
Alaska	1		1,503	537,635	452	134,115	30.1	24.9	304	
Arizona	31		7,588	37,195,488	4,594	10,717,226	60.5	28.8	3,127	
California	142		77,304	33,963,864	28,382	9,882,369	36.7	29.1	19,671	
Colorado	83		34,824	43,942,787	16,088	22,861,986	46.2	52.0	16,097	
Hawaii	15		4,009	3,881,801	1,572	1,790,284	39.2	46.1	1,087	
Idaho	51		37,331	21,016,935	12,543	6,979,794	33.6	33.2	10,616	
Montana	61		25,725	66,977,800	10,367	33,222,120	40.3	49.6	8,536	
Nevada	34		3,483	26,404,065	1,735	4,966,473	49.8	18.8	1,630	
New Mexico	51		22,590	61,682,410	10,143	31,620,146	44.9	51.3	6,265	
Oregon	54		41,930	27,874,764	13,800	9,798,339	32.9	35.2	7,385	
Utah	41		20,832	23,633,746	10,842	10,376,035	52.0	43.9	6,545	
Washington	54		78,535	25,922,670	22,508	8,978,353	28.7	34.6	15,260	
Wyoming	39		10,183	44,293,542	6,095	19,916,905	59.8	45.0	4,549	
Total	657		365,837	417,327,507	139,121	171,244,145	38.0	41.0	101,072	
National Total	2,942		4,112,519	1,362,400,872	1,828,542	618,921,571	44.5	45.4	998,735	
Other Appropriations			1,372	357,021	102,642	21,849,124			98,897	
Conservation Operations			4,111,147	1,362,043,851	1,725,900	597,072,447			899,836	



Minimum tillage, one of the fastest growing conservation practices, conserves energy and greatly reduces the threat of soil erosion on the Illinois farm above, just as field strip cropping protects the Washington wheat field below from damaging wind erosion.



Application Assistance

The Soil Conservation Service furnishes technical assistance to land users to help them apply planned conservation measures. This includes design, layout and onsite technical assistance. Technical assistance, when needed, is available for the maintenance of applied practices. More than a hundred soil and water conservation practices are used nationally for erosion control, water management and improved land use. Managerial and vegetative practices are used in appropriate combinations with structural measures.

Conservation practices are usually scheduled for installation when the cooperator has adequate labor and equipment available, or on a seasonal basis to take advantage of favorable conditions. Thus, timing of technical help is important. Jobs must be scheduled in proper sequence. For example, suitable outlets must be installed before terrace systems; and, main drains before lateral ditches.

Land users and local contractors provide help to layout practices. Unless technical help can be furnished when needed, it is often necessary to delay practice installation. The application of planned practices is high priority in certain seasons. Some conservation practices must be established immediately if the land is to be preserved and national production goals are met.

Conservation aids and temporary employees are often used during the peak workload. Additional employment with state or local funds is encouraged to help process seasonal workloads.

Over 899,000 individual land users were provided technical assistance on conservation planning or application during fiscal year 1976. They received 2,672,454 services essential to making land use or treatment decisions or applying conservation measures. Conservation practices were applied by 532,308 district cooperators during the year as a result of technical assistance provided.

Conservation Practices Installed

Practices	Unit	Installed in 1976		Est. 6/30/76 of Total Practices "On the Land"
		With Assistance Conservation Operations	Under Other Programs	
Access Road	Miles	1,336	197	41,772
Agricultural Waste Mgt. System	No.	1,018	27	6,877
Agricultural Waste Storage Facility	No.	725	17	4,714
Bedding	Acres	10,656	1,263	1,039,593
Brush Management	Acres	2,438,945	313,650	59,344,377
Chiseling & Subsoiling	Acres	664,527	45,944	12,938,843
Clearing & Snagging	Miles	263	53	9,004
Commercial Fish Ponds	Acres	2,254	122	81,660
Conservation Cropping System	Acres	15,300,713	875,644	225,065,267
Contour Farming	Acres	2,400,516	141,436	50,010,971
Critical Area Planting	Acres	186,762	34,132	5,604,860
Crop Residue Management	Acres	14,054,189	796,305	188,590,116
Dam, Diversion	No.	907	41	24,507
Dam, Multiple-purpose	No.	144	20	9,014
Dam, Multiple-purpose	Ac. Ft.	7,972	73,188	26,345,631
Debris Basin	No.	1,579	351	78,761
Deferred Grazing	Acres	10,371,176	466,288	96,564,019
Dike	Miles	133	19	14,078
Disposal Lagoon	No.	719	11	7,447
Diversion	Miles	2,010	414	105,530
Drainage Field Ditch	Miles	3,838	320	196,934
Drainage Land Grading	Acres	26,882	668	670,490
Drainage Main or Lateral	Miles	4,127	402	388,810
Farmstead & Feedlot Windbreak	Acres	39,026	11,057	946,325

Practices	Unit	Installed in 1976 With Assistance Under		Est. 6/30/76 of Total Practices "On the Land"
		Conservation Operations	Other Programs	
Fish Raceway	Feet	13,065	230	470,752
Fish Stream Improvement	Feet	34,231	106,399	3,839,152
Fishpond Management	No.	41,879	3,022	806,641
Floodwater Diversion	Feet	27,440	3,205	2,697,320
Floodwater Retarding Structure	No.	118	197	12,703
Floodwater Retarding Structure	Ac.Ft.	5,096	197,692	6,954,473
Floodway	Feet	101,717	27,934	5,321,382
Grade Stabilization Structure	No.	11,065	2,487	283,104
Grassed Waterway or Outlet	Acres	103,327	11,458	2,214,022
Grazing Land Mechanical Treatment	Acres	8,549	5,907	1,418,069
Heavy Use Area Protection	Acres	11,184	320	287,152
Hedgerow Planting	Miles	281	32	22,623
Hillside Ditch	Miles	56	1	1,991
Holding Ponds and Tanks	No.	810	42	9,916
Irrigation Canal or Lateral	Miles	188	194	59,548
Irrigation Ditch and Canal Lining	Miles	824	16	37,528
Irrigation Land Leveling	Acres	224,579	6,713	12,679,235
Irrigation Pipeline	Miles	4,212	140	196,498
Irrigation Pit or Regulating Reservoir	No.	1,279	46	49,418
Irrigation Storage Reservoir	No.	200	1	40,524
Irrigation Storage Reservoir	Ac.Ft.	10,630	21	9,584,731
Irrigation System Drip	No.	330	--	1,543
Irrigation System Drip	Acres	15,188	--	65,952
Irrigation System Sprinkler	No.	5,382	114	164,667
Irrigation System Sprinkler	Acres	563,087	14,840	12,834,859
Irrigation System, Surface And Subsurface	No.	5,087	115	189,152
Irrigation System, Surface and Subsurface	Acres	487,522	13,800	20,343,679
Irrigation System, Tailwater Recovery	No.	1,790	36	32,754
Irrigation Water Management	Acres	2,733,967	104,385	25,859,136
Land Smoothing	Acres	153,774	7,660	8,574,569
Lined Waterway or Outlet	Feet	4,672	13,318	422,802
Livestock Exclusion	Acres	477,824	90,624	18,180,060
Minimum Tillage	Acres	2,729,680	144,457	39,161,170
Mulching	Acres	39,024	3,355	1,338,096
Open Channel	Miles	126	222	16,971
Pasture and Hayland Management	Acres	8,127,977	643,519	78,098,927
Pasture and Hayland Planting	Acres	1,885,547	246,800	77,478,552
Pipeline	Miles	1,691	752	47,014
Planned Grazing Systems	Acres	6,246,690	333,205	59,077,228
Pond	No.	33,919	2,045	2,093,091
Prescribed Burning	Acres	318,187	5,016	7,125,341
Proper Grazing Use	Acres	42,657,344	3,256,297	287,571,006
Pumping Plant for Water Cont.	No.	2,598	117	154,161
Range Seeding	Acres	271,253	84,199	17,736,806
Recreation Area Improvement	Acres	34,193	6,609	1,577,031
Recreation Land Grading and Shaping	Acres	124,205	1,164	545,985
Recreation Trail and Walkway	Miles	342	32	18,341
Spring Development	No.	2,440	164	154,303
Stock Trails and Walkways	Feet	157,125	900	158,025
Streambank Protection	Miles	166	121	11,472
Stream Channel Stabilization	Miles	42	7	1,344



Precision land smoothing (above) is essential to efficient use of irrigation water (below). Planning and installing irrigation systems requires knowledge of the soil properties and the expertise of soil conservationists, agronomists, and engineers.



Practices	Unit	Installed in 1976 With Assistance Under		Est. 6/30/76 of Total Practices "On the Land"
		Conservation Operations	Other Programs	
Stripcropping	Acres	257,397	59,293	22,596,628
Structures for Water Control	No.	53,755	3,539	2,097,697
Subsurface Drain	Miles	28,146	3,010	1,025,238
Terrace, Basin	Miles	116	116	3,495
Terrace, Gradient	Miles	8,725	1,477	712,377
Terrace, Level	Miles	7,914	1,633	423,421
Terrace, Parallel	Miles	5,956	1,451	100,141
(Total, Terraces)	Miles	13,870	3,084	523,562
Toxic Salt Reduction	Acres	48,545	1,059	1,779,121
Tree Planting	Acres	228,150	29,404	24,831,773
Trough or Tank	No.	6,980	1,490	625,552
Waterspreading	Acres	27,073	2,959	1,284,680
Well	No.	6,466	827	659,461
Wildlife Upland Habitat Mgmt.	Acres	11,757,539	334,378	90,739,727
Wildlife Wetland Habitat Mgmt.	Acres	472,628	438,760	8,304,481
Wildlife Watering Facility	No.	639	49	42,561
Woodland Direct Seeding	Acres	8,266	508	776,845
Woodland Improved Harvesting	Acres	858,944	46,409	36,533,151
Woodland Improvement	Acres	254,406	13,797	18,505,307
Woodland Pruning	Acres	6,847	411	3,432,531
Woodland Site Preparation	Acres	195,353	8,556	6,897,639
Land Adequately Treated	Acres	21,548,224	2,798,988	1,000,432
Land Adequately Protected	Acres	334	--	1,075,679,850

Financing conservation work: Nationally, farmers, ranchers, and others invest over \$500 million, excluding cost-share payments, annually, in applying planned conservation measures. Most land owners and operators rely on annual income to finance conservation work and must consider economic returns. Many farmers rely on local sources of credit to finance practice installation. Soil Conservation Service conservationists help land owners and operators plan their conservation work in detail enough to assure that investments in conservation work are sound. Nearly 20,000 land improvement contractors help land owners install conservation practices. This helps stabilize the economy of small rural communities and provides a sizeable amount of local employment.

Technical services to Agricultural Conservation Program: Many land users obtain cost-sharing assistance under the ACP. The installation of conservation practices through long-term agreements is based on approved conservation plans. For designated permanent practices, the Soil Conservation Service furnishes determination of need and feasibility, site selection, supervision of practice installation and certification of completed work. About half the cost of this assistance is financed through transfers authorized to be made from ASCS program funds, and half is absorbed as part of the regular SCS conservation operations work in districts.

Cooperation with Other Agencies

Many agencies rely upon the technical expertise unique to the Soil Conservation Service to plan and implement programs which impact rural residents or resources. Following are two examples:

Land use and program planning activities in the 30 states involved in the Coastal Zone Management program of the Department of Commerce has led to increased demands for resource data and other assistance. In keeping with SCS's commitment to rural development through conservation districts, much assistance is being provided to this program.



Prime farmland is that land best suited for producing food, fiber, forage, feed and oil seed crops as illustrated by this area of level, highly productive soil.



To maintain the productive capacity of American agriculture, consideration must be given to the need to retain prime farmland in agricultural use. Developments that result in land use changes such as illustrated above represent a loss of a valuable natural resource.

Non-point source pollution, as it relates to PL 92-500 administered by the Environmental Protection Agency, is having a major impact on state and local agencies. Soil and water conservation districts play a major role in many states. Because of the working relationships between SCS and Conservation Districts, this activity increases demands for SCS technical assistance.

Assistance to Rural Groups

The Soil Conservation Service provides technical help to groups of landowners and operators in the planning, design and construction of erosion control and water management jobs that provide community-type benefits. These jobs involve adjoining farms that have closely related conservation problems, land within the watershed of small tributary streams, or an entire community. In the 1976 fiscal year, 2,792 group conservation jobs were planned. Cumulatively, a total of 24,419 such community-type plans have been prepared.

The planned work improves sources of municipal water, reduces damages to local roads, structures and public utilities, and controls sedimentation in reservoirs and streams.

Community benefits include prevention of flood damages, reduction of health hazards, improved water management, outdoor recreation facilities and pollution abatement. The costs of such jobs are borne mainly by the cooperating landowners even though public benefits accrue. There is increasing need for such community-type group jobs in many rural areas where there is rapid population growth and urban expansion.

Recreation as a Land Use

As with any use of land, recreation sites must be protected with conservation measures to avoid erosion and pollution. The Soil Conservation Service has leadership for providing technical assistance to land users who wish to develop recreation enterprises on nonfederal land. Approximately 25,000 recreation developments were established or expanded with technical assistance from the Service during fiscal year 1976. The Service has provided assistance in the establishment of 18,341 miles of recreation trails and walkways, 545,985 acres of heavy use area protection, and 1,577,000 acres of recreation area improvement.

Pollution Abatement

In all of its programs, the Soil Conservation Service emphasizes land use and conservation practices which contribute to pollution abatement. Environmental pollutants, such as dust, stream sediment, plant and animal pesticides and animal waste from farms are reduced. Conservation work that reduces sediment and other pollutants includes establishment of trees, shrubs, and grass on eroding areas, installation of debris basins and other structures for sediment control and reduction, and installation of lagoons, holding ponds, irrigation systems and other facilities to safely return animal wastes to agricultural lands.

Some of the direct benefits accruing to both rural and urban residents are cleaner water, reduction of health hazards, improvement of fish and wildlife habitat, flood prevention and reduction of water purification costs.

Land Inventory and Monitoring

The national program of land inventory and monitoring will provide assessments of specific soil, water and related resource data, monitor changes, and periodically report status for public use. Inventories underway will identify prime and unique farmlands that are needed to maintain the natural resource base and produce food, feed, forage, fiber and oilseed crops, and assess national erosion and sediment to provide data needed to plan for the control of non-point sources of pollution (erosion and sediment). Initially, activities will draw on existing data and provide information needed to prepare the first report of the Secretary of Agriculture specified in the Rural Development Act of 1972.

Purpose and Use of Soil Surveys

The Soil Conservation Service has leadership for the National Cooperative Soil Survey. Participants include state agricultural experiment stations and other state, federal, and local agencies. Soils are studied in the field and in the laboratory. They are described and the boundaries plotted on aerial photographs. Soil interpretations explain alternative uses and behavior of the soils. The results of research on soils and of experience in using them contribute to these explanations.

An objective of the National Cooperative Soil Survey is to provide published soil surveys of counties or areas of comparable size. Publications are used by many agencies, organizations, and individuals.

The nationwide system of Soil Taxonomy was developed by the Soil Conservation Service in cooperation with other interested agencies of state and local governments and many foreign contributors. Soil properties are rarely uniform over broad areas. Close adherence to a nationwide system of Soil Taxonomy allows knowledge and experience gained from one soil to be used in other areas where the same kind of soil is found.

Soil surveys provide the basic data about different kinds of soil that are essential to resource planning. Soil surveys are needed to plan runoff and erosion control measures. A soil survey enables land users to predict how each kind of soil will respond to use, management, and treatment. Soil surveys help farmers locate soils best suited for specific crops, and most responsive to management. They are of importance to planners, engineers, zoning commissions, tax commissioners, homeowners, developers, and others. Many have suffered severe losses when facilities were located on soil not suited for such purposes and special treatment was not provided to compensate for unfavorable soil conditions. In many instances, the use of soil survey information in site selection could have decreased initial construction cost as well as lowered maintenance cost.

As of June 30, 1976, detailed soil maps that meet the current standards for all potential users had been prepared on an estimated 911,913,745 acres and reconnaissance soil maps on an estimated 92,670,958 acres for a total of 1,004,584,703 acres. In addition, exploratory soil survey maps have been prepared on 354,062,240 acres.

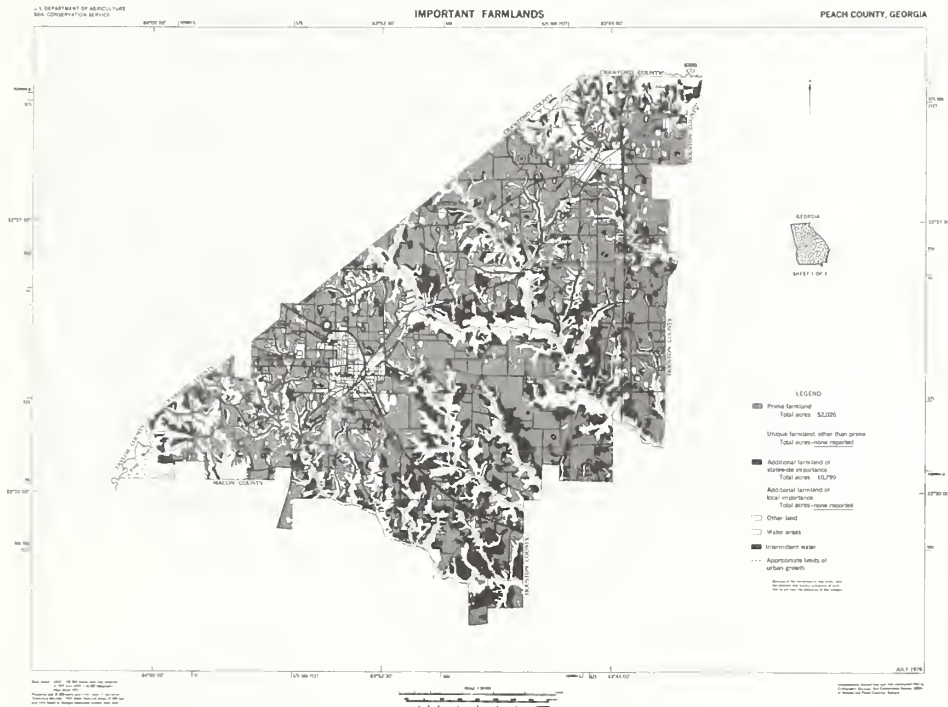
Mapping Progress

<u>Fiscal Year</u>	<u>Conservation Operations Program</u> Acres	<u>Other SCS Programs</u> Acres	<u>Cooperators</u> Acres	<u>Total Acres 1/ Mapped</u> Acres
1976 Actual	46,977,636	1,283,359	5,270,099	53,531,094
1977 Estimate	44,000,000	1,000,000	5,000,000	50,000,000
1978 Estimate	44,000,000	1,000,000	5,000,000	50,000,000

1/ Includes soil survey mapping by other federal agencies and state and local agencies.

Soil survey mapping was completed on 72 soil survey areas in FY 1976 and soil mapping should be completed on another 107 areas in FY 1977 and 95 areas in FY 1978. On June 30, 1976, there were 471 soil surveys with field mapping completed but not published of which 155 are in the publication process.

In an effort to accelerate the soil survey program, state and local cooperators are providing more funds and people. This helps maintain progress in soil mapping.



Soil survey maps are used to determine the location and extent of important farmlands. The Important Farmlands Map of Peach County, Georgia, shows the location and extent of prime farmland and additional farmland of statewide importance.



Soil surveys are useful in locating unique farmlands and managing them for efficient production. The area of small, narrow fields are producing vegetable crops on uniquely suited muck soils.



The productivity of rangeland varies widely depending on the kind of soil. Measuring forage production on specific soils provides data for guiding the management of rangelands through the use of soil surveys.



Soil surveys identify the potentials and limitations of soils to guide decisions about land use among competing interests.



Location of urban developments on prime farmlands with soils unfavorable for urban uses is especially inconsistent with the nation's land use objectives. Soil surveys provide the scientific data required to determine the potentials of land for all uses.



Soil surveys are a study and presentation of soil characteristics and predicted response. Tree growth measurements complement soil borings to determine soil potentials for timber.

Soil Survey Publications

A total of 101 soil surveys were edited and sent to the Government Printing Office during fiscal year 1976. Soil surveys for the following 88 counties or soil survey areas were published and distributed in fiscal year 1976.

Alabama

Escambia County

Arkansas

Howard County

Pulaski County

Caribbean Area

Mayaguez Area of

Western Puerto Rico

District of Columbia

Georgia

Colquitt and Cook Counties

Miller and Seminole Counties

Illinois

Pope, Hardin, and

Massac Counties

Indiana

Jennings County

Crawford County

Iowa

Fremont

Linn

Madison County

Mitchell County

Plymouth County

Worth County

Maryland

Baltimore County

Harford County Area

Mississippi

Amite County

Harrison County

Jefferson Davis County

Lamar County

Montgomery County

Nebraska

Cuming County

Douglas and Sarpy Counties

Dakota County

Pawnee County

New Jersey

Passaic County

Sussex County

North Carolina

Catawba County

Arizona

Apache Area, Arizona

Central Part

Willcox Area

Yavapai County, Arizona,

Western Part

California

Nevada County Area

Sierra County

Colorado

Chaffee-Lake Area, Colorado

Parts of Chaffee and

Lake Counties

Gunnison Area

Florida

Holmes County

Ocala National Forest Area,

Parts of Marion, Lake, and

Putnam Counties

Idaho

Payette County

Kansas

Ellis County

Riley and Geary Counties

Kentucky

Ballard and McCracken Counties

Minnesota

Nobles County

Pipestone County

Missouri

Henry County

Scotland County

Montana

Dawson County

New Mexico

Mescalero-Apache Area,

Northeastern Otero County

Santa Fe Area

White Sands Missile Range,

Parts of Dona Ana, Lincoln,

Otero, Sierra, and Socorro

New York

Washington County

Ohio

Clermont County
Richland County
Union County

Oklahoma

Haskell County
Mayes County

Pennsylvania

Bucks and Philadelphia County
Franklin County
Venango County

South Dakota

Marshall County

Texas

Anderson County
Borden County
Chambers County
Garza County
Lipscomb County
Panola County
Sherman County
Uvalde County
Wheeler County

Washington

Yakima Indian Reservation
Irrigated Area, Part of
Yakima County
Jefferson County Area

North Dakota

Bowman County
Oliver County
Richland County, and Sheyenne
National Grassland Area of
Ransom County

Oregon

Benton County

South Carolina

Greenville County
Lexington County

Tennessee

Montgomery County

Utah

Beaver-Cove Fort Area
Box Elder County, Eastern Part
Heber Valley Area, Parts of
Wasatch and Utah Counties

Virginia

Henrico County
Louisa County
Madison County

Wisconsin

Marquette County

Wyoming

Johnson County, Southern Part
Star Valley Area, Wyoming-Idaho
Parts of Lincoln County,
Wyoming, and Bonneville and
Caribou Counties, Idaho

Interim and Supplemental Soil Reports

Copies of field sheets, charts, maps, and related special soil interpretations are provided to local officials, planning commissions, and others as needed to meet specific, immediate needs. They are prepared while a soil survey is in progress. Local funds usually are provided to cover part of the cost of interim reports.

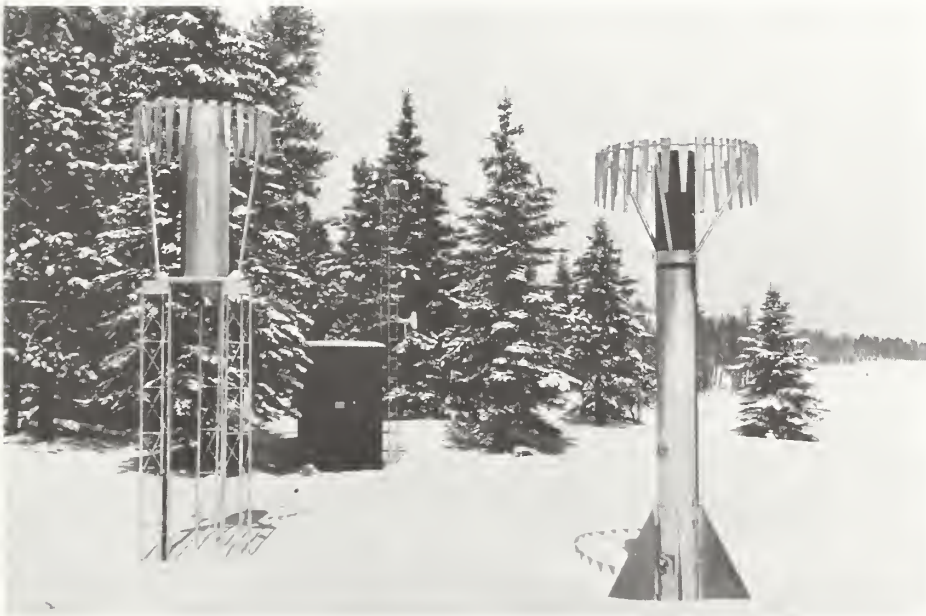
Snow Survey And Water Supply Forecasting Activities

Snow surveys measure the high mountain snow pack and project anticipated stream flow. Snow-fed streams in the West provide 70 percent of the water supply used for agriculture, industry, municipal uses, recreation, fish and wildlife and other purposes. SCS operates a network of snow courses and related data collection sites in the Western States and Alaska and are conducted in cooperation with federal, state and local agencies, irrigation and power companies, and the Province of British Columbia.

Depth and water content of snow and other related data are systematically collected from 1,600 high mountain snow courses on a regular basis. In addition to snow data, soil moisture data are collected at 200 locations and precipitation at 500 locations. Currently most data are gathered by SCS personnel and cooperating agencies who travel to remote areas by snowshoe, skis, over-snow machines and aircraft. Automation is underway on 500 sites. In addition to remote sensing devices at the data sites, this plan includes a westwide radio telemetry and data management system. Approximately 50 locations are now fully equipped for collecting and transmitting data.



Snow Surveys are essential for water supply forecasting in the west. Upper photo shows snow surveyors climbing to a snow course in Nevada. Trips such as this are hazardous and are too costly to be made frequently. Below at Baldy site in Arizona an automated site has been installed which beginning in early 1977 will telemeter data via radio to a base station located several hundred miles away.





70 to 85 percent of the water used for irrigation in the western states comes from snow. Water supply forecasts on the expected amount and timing of water availability permits farmers and ranchers to plan the types of crops and the acreage they can expect to irrigate.

Sensing equipment has been purchased for 260 sites and installed in 160.

Contacts for computer terminals for 9 states and System Central have been made and expected to be operational by July 1, 1977. The Communication System for transmitting data from 160 snow course sites is expected to be installed by late May 1978.

The following table shows accomplishments in the 1976 fiscal year and future estimates:

<u>Item</u>	<u>1976</u> Number	<u>1977</u> (estimate) Number	<u>1978</u> (estimate)
Snow course measurements (manual)	5,241	8,000	8,000
Automated telemetry data site readings	2,754	45,000	185,000
Number of forecasts issued	2,073	2,500	2,500
Aerial Snow Market readings	699	800	800
Mountain precipitation gage readings	2,019	2,000	2,000

Plant Materials Centers

Plant materials centers are operated for testing, selection, and providing for the commercial production of plants for erosion control, special conservation purposes, and adaptation to unusual soil and site conditions. The work at the twenty centers includes cooperation with state and federal agencies, commercial businesses and seed associations to encourage production, release, and use of new or uncommon plant materials needed in soil and water conservation programs. Over 120 new conservation plant varieties from this program are in large-scale use in combating the many problems encountered in a total program of soil, water, and related resource conservation. An average of five new conservation plants are released by SCS each year for conservation purposes. A recent survey of the production of SCS developed plant materials by commercial growers showed that over 12 million pounds of seed, six million seedlings, and hundreds of thousands of culms of vegetatively increased plants were produced annually for use in conservation programs.

Plant materials centers are located in selected plant growth regions of this country. They are operated to meet the needs for improved vegetation in various watershed, resource development, highway, strip mine land reclamation, wildlife and other conservation programs. Plant materials play an essential part in erosion control, land use adjustments, and environmental protection and enhancement. Eighteen centers are operated by the Soil Conservation Service and two by cooperating agencies. They are:

Operated by Soil Conservation Service:

Tucson, Arizona	East Lansing, Michigan
Lockeford, California	Coffeetown, Mississippi
Brooksville, Florida	Elsberry, Missouri
Americus, Georgia	Bridger, Montana
Molokai, Hawaii	Cape May Courthouse, New Jersey
Aberdeen, Idaho	Big Flats, New York
Manhattan, Kansas	Corvallis, Oregon
Quicksand, Kentucky	Knox City, Texas
Beltsville, Maryland	Pullman, Washington

Operated by cooperating agencies:

Los Lunas, New Mexico (New Mexico State University)
Bismarck, North Dakota (North Dakota Association of Soil Conservation Districts)

Other:

In addition to the 20 centers listed above, the State of Alaska operates a plant materials center at Palmer and the White River and Douglas Creek Soil Conservation Districts have established an environmental plant center at Meeker, Colorado. The Soil Conservation Service provides technical assistance to these centers through cooperative agreements.



Silver Grass, in central Kansas, developed by SCS, is used to control shoreline erosion of lakes and reservoirs.



At any one time from 14,000 to 16,000 native and foreign plant collections are being comparatively evaluated at SCS plant materials centers to determine their potential for use in environmental conservation programs.



Autumn Olive developed by SCS is used to stabilize mine spoil areas and to reclaim surface mined lands.

Comparative Plant Testing

Approximately 16,000 foreign and domestic plant collections are being evaluated at any one time at plant materials centers. These collections are evaluated under a wide variety of soil and climatic conditions in approximately 9,000 plantings. Much of the work under this activity is carried out in cooperation with other federal agencies and state experiment stations, state highway agencies and state departments of natural resources, conservation, and game.

The final evaluation of new plants and cultural methods is made on farms and ranches in conservation districts. Tests are conducted with public agencies responsible for public land, such as wildlife management areas, parks, highways, and beaches.

Beneficial Uses of Plant Materials

Most of the plant materials selected by plant materials centers are adapted to soil and site conditions on which it is difficult to establish vegetative cover. The need for conservation plants is accelerating and expanding due to the demands being placed upon the Nation's limited natural resources. Plants for stabilizing critical areas are needed in all parts of the country. A recent survey conducted by SCS showed that about 2 million acres of surfaced mined lands are in need of reclamation. The effects towards greater energy independence will, of course, greatly accelerate the amount of land disturbed annually by surface mining of coal. The reclamation of surface mined coal and oil shale lands in the Northern Great Plains will require increased plant testing and selection at plant materials centers because soil conditions, climate, and rainfall are quite variable.

Plant materials are urgently needed for purposes such as: (1) converting land not suited for intensive crop production to permanent cover; (2) pasture and rangeland plant species that extend the livestock grazing season, give better soil protection, and produce superior quality and yield of forage; (3) reduction of sediment in waterways and reservoirs through the stabilization of critical, high-yielding sediment sources such as surface mined lands, highway slopes, recreation sites, and urban and industrial development areas; (4) control of critically erodible construction sites; (5) improvement of windbreaks and shelterbelts for the reduction of airborne sediment, control of snow drifting, and the prevention of crop damage resulting from wind erosion; (6) protection of streambank, pond, and lake waterlines from erosion by wave action; (7) improved wildlife food and cover species for esthetic and recreational purposes; (8) stabilization of land disposal areas for liquid and solid wastes; (9) fire-retarding plant cover to replace brush on mountain foot slopes to reduce the possibility of fires that threaten life and property or result in serious sediment sources; (10) selection of plants which tolerate air pollution agents and toxic soil chemicals; and (11) environmental protection and enhancement.

Vegetation is a significant component of more than two-thirds of the conservation practices farmers, ranchers, and others find essential to the solution of their erosion and land use problems. These problems require a wide variety of plant materials, some of which have a limited but vital application.

Over 1,000,000 acres of surface mined lands have been reclaimed by 22,500 landowners in 1,973 soil conservation districts. Much of this reclamation was accomplished by using SCS plant materials such as 'Arnot' bristly locust, 'Cardinal' autumn olive, 'Chemung', and 'Emerald' crownvetch, 'Latcho' flatpea, 'Rosana' western wheatgrass and 'Durar' hard fescue. 'Tioga' deertongue grass, currently being released by SCS and the Pennsylvania and Cornell Agricultural Experiment Stations, will be used specifically for the stabilization and reclamation of very acid mine spoils in the East.



Wheatgrass, developed by SCS, and grown in Wyoming, prevents erosion of pasture and rangeland and improves grassland productivity.

A survey conducted in Texas during FY '76 showed that nearly 6,000,000 acres of range-land in that state alone is now better protected as a result of being seeded to improved grasses cooperatively released by the Soil Conservation Service. Examples of improved range grasses include 'kleingrass 75', 'Texoka' buffalograss, 'Lunar' pubescent wheatgrass, 'Greenar' intermediate wheatgrass and 'Kaw' big bluestem.

The use of adapted plant materials such as 'Halifax' maidencane selected by plant materials centers prevents erosion of many watershed structures and streambank, pond and lake waterlines from wave action, eliminates costly repairs and provides improved habitat for wildlife.

Plants such as 'Cape' American beachgrass and 'Emerald Sea' juniper are used to effectively stabilize mid-Atlantic coastal sand dunes.

Most shrubs selected have multiple use in conservation programs. Shrubs such as 'Cardinal' autumn olive, 'Rem-Red' amur honeysuckle, 'Midwest' manchurian crabapple, 'Pink Lady' winterberry euonymus and 'Arnot' bristly locust are used for screens and hedges; noise barriers, roadside development; wildlife food and cover; and beautification.

River Basin Surveys and Investigations

Appropriation Act, 1977	\$14,745,000
Budget Estimate, 1978	15,006,000
Increase in Appropriation	<u>+261,000</u>

Adjustments in 1977:

Appropriations Act, 1977	\$14,745,000	
1977 Supplemental Appropriation for pay costs	617,000	
Adjusted base for 1978		15,362,000
Budget estimate for 1978		15,006,000
Decrease over adjusted 1977		<u>-356,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1977</u>	<u>Increases or Decreases</u>	<u>1978 Estimate</u>
USDA cooperative studies	\$11,372,000	\$-608,000	\$10,764,000
GSA space rental costs	476,000	+134,000	610,000
Working Capital Fund services	(126,000)	+36,000	36,000
Operating support costs	- -	+82,000	82,000
All other	3,514,000	- -	3,514,000
Total available	<u>15,362,000</u>	<u>-356,000</u>	<u>15,006,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	1976	1977 (estimated)	Increases or Decreases	1978 (estimated)
1. River basin surveys:				
(a) Regional or river basin studies (Level B)	\$ 474,000	\$ 150,000	\$ - -	\$ 150,000
(b) USDA cooperative studies .	10,688,000	10,922,000	-417,000	10,505,000
(c) Interregional economic analysis	329,000	341,000	+6,000	347,000
2. Flood plain management assistance	1,732,000	1,949,000	+30,000	1,979,000
3. Interregional coordination and program formulation	1,522,000	2,000,000	+25,000	2,025,000
Total available or estimate	14,745,000	15,362,000	-356,000(1)	15,006,000
Proposed Supplemental for pay increase costs	- -	-617,000		
Total, appropriation	<u>14,745,000</u>	<u>14,745,000</u>		

PROJECT STATEMENT
(On basis of available funds)

Project	1976	1977 (estimated)	Increases or Decreases	1978 (estimated)
Direct obligations:				
1. River basin surveys:				
(a) Regional or river basin studies (Level B)	569,829	150,000	- -	150,000
(b) USDA cooperative studies	12,162,751	12,008,694	-1,503,694	10,505,000
(c) Interregional economic analysis	106,825	341,000	+6,000	347,000

Project	1976	1977 (estimated)	Increases or Decreases	1978 (estimated)
2. Flood plain management assistance	1,884,521	1,949,000	+30,000	1,979,000
3. Interagency coordination and program formulation ...	442,293	2,000,000	+25,000	2,025,000
Total direct obligations	15,166,219	16,448,694	-1,442,694 (1)	15,006,000
Unobligated balance brought forward	(-1,630,805)	(-1,086,694)	(-1,086,694)	- -
Unobligated balance carried forward	(+1,209,586)	- -	- -	- -
Adjusted appropriation	(14,745,000)	(15,362,000)	(-831,000)	14,531,000
Reimbursable obligations	1,529,013	4,098,000	+996,000	5,094,000
Obligational authority	<u>16,695,232</u>	<u>20,546,694</u>	<u>-446,694</u>	<u>20,100,000</u>

SOURCES OF REIMBURSEMENTS

HUD flood insurance studies ...	965,196	2,500,000	+2,000,000	4,500,000
Water Resource Council	63,058	1,004,000	-1,004,000	- -
Other federal sources	150,134	119,000	- -	119,000
Non-federal sources	350,625	475,000	- -	475,000
Total reimbursements	<u>1,529,013</u>	<u>4,098,000</u>	<u>+996,000</u>	<u>5,094,000</u>

OUTLAYS

1. River basin surveys:				
(a) Regional or river basin studies (Level B)	597,160	155,000	-5,000	150,000
(b) USDA cooperative studies	12,829,864	12,373,000	-1,884,000	10,489,000
(c) Interregional economic analysis	112,166	351,000	-4,000	347,000
2. Flood plain management assistance	1,978,747	2,007,000	-28,000	1,979,000
3. Interagency coordination and program formulation ...	456,980	2,060,000	-35,000	2,025,000
Total outlays	<u>15,974,917</u>	<u>16,946,000</u>	<u>-1,956,000</u>	<u>14,990,000</u>

EXPLANATION OF PROGRAM

The appropriation "River Basin Surveys and Investigations" funds activities authorized by Public Law 83-566, as amended. The Department cooperates with other federal and state agencies in making surveys and investigations of watersheds of rivers and other waterways. Activities include:

-- Collection of resource data

The Department participates in:

-- Studies of agricultural and other rural land and water resources within river basins to gather basic data on existing and potential water supplies, present and future land use, current and potential economic development and existing erosion and sediment problems.

-- Studies to collect basic data on present and future agricultural water needs for irrigation, livestock, domestic, recreation, fish and wildlife use, forest-based industries, and municipal and industrial water needs.

-- Determination of problems and potentials

Studies and investigations are made of agricultural, rural, and upstream water and land resources and problems to determine corrective actions needed and potentials for development.

-- Plan formulation

The Department participates in the formulation of coordinated river basin plans. Evaluations include studies of:

- erosion, floodwater, and sediment damage to rural lands and properties,
- impaired drainage of agricultural lands,
- agricultural drought problems and irrigation requirements,
- agricultural water needs for livestock and domestic use,
- recreation demand,
- fish and wildlife needs,
- forest-based industries,
- municipal and industrial water needs.

The planning activity gives consideration to finding alternative combinations of land treatment, structural and nonstructural measures to solve the area's problems, meet the identified needs, and develop the indicated potentials.

-- Flood plain management assistance

- is carried out in cooperation with state and local governments,
- identifies flood hazards on selected flood plain reaches,
- provides reports which include flood profiles and maps showing areas subject to flooding by select frequency floods,
- provides information needed by state and local governments to implement land use and flood plain management programs.

The following tabulation shows the number of surveys and obligations by type of survey for fiscal years 1976, TQ, 1977, and 1978.

(Dollars in thousands)								
Explanation	:1976 Actual :		TQ Estimate :		:1977 Estimate:		:1978 Estimate	
	No.:	Amount :	No. :	Amount :	No. :	Amount :	No. :	Amount
1. Type of survey and amounts obligated:	:	:	:	:	:	:	:	:
(a) Comprehensive	:	:	:	:	:	:	:	:
Detailed Surveys:	:	:	:	:	:	:	:	:
1. Surveys in progress, start of year	7:	:	7:	:	7:	- -	9:	- -
2. Surveys initiated during year	3:	5	0:	- -	6:	40	0:	- -
3. Surveys worked during year	10:	565	7:	127	13:	110	9:	150
4. Surveys completed during year	3:	:	0:	:	4:	- -	9:	- -
5. Surveys in progress, end of year	7:	:	7:	:	9:	- -	0:	- -
6. Cumulative total surveys initiated ...	27:	:	27:	:	33:	- -	33:	- -
7. Cumulative total surveys completed ...	20:	:	20:	:	24:	- -	33:	- -
Total Detailed Surveys	:	570	:	127	:	150	:	150
(b) Surveys in cooperation with state and other federal agencies:	:	:	:	:	:	:	:	:
1. Surveys in progress, start of year	50:	:	50:	:	50:	:	48:	- -
2. Surveys initiated during year	6:	384	1:	16	6:	460	0:	- -
3. Surveys worked during year	56:	11,779	51:	3,059	56:	11,549	48:	10,505
4. Surveys completed during year	6:	:	1:	:	8:	- -	9:	- -

(Dollars in thousands)

Explanation	1976 Actual		1977 Estimate		1977 Estimate		1978 Estimate	
	No.	Amount	No.	Amount	No.	Amount	No.	Amount
5. Surveys in progress,	:	:	:	:	:	:	:	:
end of year	50:	:	50:	:	48:	- -	39:	- -
6. Cumulative total	:	:	:	:	:	:	:	:
surveys initiated ...	101:	:	102:	:	108:	- -	108:	- -
7. Cumulative total	:	:	:	:	:	:	:	:
surveys completed ...	51:	:	52:	:	60:	:	69:	:
Total Cooperative	:	:	:	:	:	:	:	:
Surveys	:	12,163	:	3,075	- -	12,009	- -	10,505
Total surveys and	:	:	:	:	:	:	:	:
obligations	:	12,733	:	3,202	:	12,159	:	10,655
2. Flood hazard analyses:	:	:	:	:	:	:	:	:
(a) States with studies:	:	:	:	:	:	:	:	:
underway	34:	1,885	35:	471	36:	1,949	37:	1,979
(b) Reports completed ..	45:	:	7:	:	37:	:	36:	:
3. Interregional economic	:	:	:	:	:	:	:	:
analyses	:	106	:	27	:	341	:	347
4. Interagency coordination	:	:	:	:	:	:	:	:
and program formulation:	:	442	:	110	:	2,000	:	2,025
Total obligations	:	15,166	:	3,810	:	16,449	:	15,006

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$356,000 in appropriations for River Basin Surveys and Investigations consisting of:(on the basis of available funds there is a decrease of \$1,442,694)

(a) A decrease of \$608,000 in USDA cooperative studies.

Need for decrease. The budget provides for no new USDA cooperative studies in FY 1978. By not starting new studies, greater progress can be made by completing those surveys already in process.

(b) An increase of \$134,000 for space rental costs pursuant to PL 92-313.

(c) An increase of \$36,000 for Working Capital Fund services.

(d) An increase of \$82,000 primarily for field office operating support costs such as utilities, local duplicating and copy services and reception-secretarial services needed to improve program delivery to the public.

STATUS OF PROGRAM

Current Activities: Watershed Protection and Flood Prevention Act, PL 83-566, Section 6, August 4, 1954, provides for cooperation with other federal, state, and local agencies in making investigations and surveys of river basins as a basis for the development of coordinated water resource programs. Reports of the investigations and surveys are prepared to serve as a guide for the development of agricultural, rural, and upstream watershed aspects of water and related land resources. They are also used as a basis for coordination with downstream and other phases of water development.

Surveys and Investigations

The Department analyzes and projects the agricultural, forestry, and related economics of the river basin, including the use of land and water, and relationships to the total economy of the basin. The agricultural, rural, and upstream water and related land resources and problems are studied to determine corrective actions needed and potentials for development. Evaluations include studies of erosion, floodwater, and sediment damage to rural lands and properties, impaired drainage of agricultural lands, agricultural drought problems and irrigation requirements, water needs for livestock and rural domestic use, recreation, fish and wildlife, forest-based industries, and municipal and industrial potential.

The inventories and analyses of potential water and related land resource developments in upstream watersheds include water storage capacity, the effect of land use and management practices on water quality and flow characteristics, and the potential hydrologic effect of agricultural, rural, and upstream watershed development. Consideration also is given to the effects of potential water resource development projects on lands and programs administered by the Department.

Three types of investigations and surveys are conducted--the comprehensive framework surveys of water resource regions, comprehensive detailed river basin surveys, and cooperative river basin surveys. The first two types are carried out jointly by the concerned Federal Departments and the involved states and are coordinated at the state level.

Interagency Coordination

Interagency coordination and program formulation in water and related land resources are achieved at the federal level through the Water Resource Council. The Secretary of Agriculture is a member of the Council. The Council maintains a number of standing committees, technical committees, and ad hoc work groups on which the Department is represented. At the field level, coordination is achieved through River Basin Commissions, Interagency Committees, or ad hoc coordinating committees. The Soil Conservation Service provides the Department member for each of these coordinating groups.

Program Assignments

The Soil Conservation Service has leadership for administration of river basin planning work, including the development of general principles, criteria, and procedures; determination of land resources availability and land uses; appraisals of physical problems and development needs; determination of development potential of upstream watersheds; and program coordination with the Water Resources Council and member agencies.

The Forest Service is responsible for forestry aspects of river basin planning, both Federal and non-Federal, and for rangelands administered within National Forests and for the analysis and projection of economic activity related to forest industries.

The Economic Research Service is responsible for basin-wide economic aspects of planning; developing agricultural economic base information and projections of agricultural production, employment, income, rural population and land use for the economic analysis of agricultural water management needs and potentials; and evaluation of the economic impact of water resource developments plans on agriculture and related sectors of the economy.

Other agencies in the Department participate in reviews and provide inputs where items of concern to the agency are involved.

Funds obligated for river basin investigations and coordination in FY 1976, transition quarter, and estimates for FY 1977 and FY 1978 are:

Agency	1976 Obligations	Trans. Qtr. Obligations	1977 Estimate	1978 Estimate
Soil Conservation Service	\$11,020,084	\$2,771,785	\$11,982,694	\$10,804,000
Economic Research Service	2,454,665	615,987	2,583,000	2,380,000
Forest Service	1,691,470	422,119	1,883,000	1,822,000
Total	\$15,166,219	\$3,809,891	\$16,448,694	\$15,006,000

Comprehensive Framework Surveys: The Senate Select Committee on National Water Resources formed in 1959 recommended, and in 1962 the Administration adopted the objective, that surveys and investigations be made of all the river basins of the country by 1970. As a result, the Water Resources Council established a schedule for the completion of comprehensive framework surveys of the 21 major water resource regions encompassing the Nation (including Alaska and Hawaii). Twelve surveys in 14 of these regions have been initiated and completed. No funding for this type of survey is planned for FY 1978.

Comprehensive Detailed Surveys: Thirty-three comprehensive detailed river basin surveys have been initiated by the Water Resources Council. As of June 30, 1976, 20 of these surveys have been completed. Four are scheduled to be completed in FY 1977. The remaining nine surveys are expected to be completed in FY 1978.

Cooperative Surveys with States and Concerned Federal Agencies: In addition to participating in these federally coordinated comprehensive surveys the Department cooperates with state and concerned federal agencies preparing or updating state water resource plans. The Department helps states coordinate upstream and downstream elements of needed water and related land resource developments. In most cases, cooperative surveys are as detailed as the surveys for regional and river basin plans. Since 1960, the Department has participated in 102 cooperative surveys and has completed 52.

Early indications from framework studies are that approximately 200 river sub-basins will require detailed comprehensive surveys or cooperative surveys. The Department of Agriculture participates in these to assure proper consideration and development of rural, agricultural upstream areas.

Flood Plain Management Assistance

The Soil Conservation Service assists local governments in implementing their flood plain management programs by providing technical assistance and carrying out cooperative flood hazard analyses, in accordance with Recommendation 9(c) of House Document No. 465, 89th Congress, and in compliance with Executive Order 11296, dated August 10, 1966. This program is available in those states where the responsible state agency and the SCS have developed a Joint Coordination Agreement. Local

governments request flood hazard studies from the state agency, which determines the priority for study. Each flood hazard study is carried out in accordance with a Plan of Study developed by the state agency, the local government(s) and the SCS. The state and/or the requesting local government(s) generally provide funds or services to help carry out the studies.

During fiscal year 1976, assistance was provided to the following 34 states: Alabama, Alaska, California, Colorado, Connecticut, Georgia, Hawaii, Idaho, Illinois, Indiana, Kansas, Kentucky, Maine, Maryland, Massachusetts, Michigan, Minnesota, Montana, Nevada, New Hampshire, New Jersey, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Rhode Island, Tennessee, Texas, Utah, Vermont, Virginia, Washington, and Wisconsin.

Geographic Breakdown and Funding for River Basin Surveys and Investigations

(Dollars in Thousands)						
River Basin or Region	:	:	:	Obligations		
				1976	1977	1978
	:	Cooperating	:	1976	1977	1978
	States Involved:	Agencies	:	Actual	Estimates	Estimates
	:	:	:	:	:	:
	:	Comprehensive Detailed Surveys:	:	:	:	:
	:	:	:	:	:	:
Pacific Northwest	Ore., Wash.,	:	:	:	:	:
CCJP	Idaho, Mont.,	State & Other	:	:	:	:
	Wyo.	Federal	:	213	40	- -
Hawaii Regional	Hawaii	State & Other	:	:	:	:
Plan	:	Federal	:	18	- -	- -
Connecticut Supple-	Conn., N.H.,	State & Other	:	:	:	:
mental Study	Vt., & Ma.	Federal	:	19	40	- -
Maumee	Ind., Mich.,	State & Other	:	:	:	:
	Oh.	Federal	:	205	15	- -
Minn./St. Paul	Minnesota	State & Other	:	:	:	:
	:	Federal	:	110	15	- -
Yellowstone	Mont., N.D., &	:	:	:	:	:
	Wyo.	State	:	1	- - 1/	15
Ohio Main Stem	Pa., W. Va., Oh;	:	:	:	:	:
	Ky., Ind., & Ill	State	:	4	- - 1/	15
Hudson River	New York	State	:	- -	- - 1/	15
Allegany River	N.Y., & Pa.	State & Other	:	:	:	:
Basin	:	Federal	:	- -	40 2/	30
Delaware River	N.Y., Pa., N.J.	State & Other	:	:	:	:
Basin	& Delaware	Federal	:	- -	- - 1/	15
Fox-Wolf River	:	State & Other	:	:	:	:
Basin	Wisconsin	Federal	:	- -	- - 1/	15
	:	State & Other	:	:	:	:
Lake Champlain	N.Y., Vermont	Federal	:	- -	- - 1/	15
South Central	:	State & Other	:	:	:	:
Alaska	Alaska	Federal	:	- -	- - 1/	15
Upper Mississippi	Ill., Minn.,	State & Other	:	:	:	:
River Mainstem	Missouri, Wis.	Federal	:	- -	:	:
	& Iowa	:	:	:	- - 1/	15
Subtotal, Compre-						
hensive Detailed						
Surveys				570	150	150 3/

Geographic Breakdown and Funding for River Basin Surveys and Investigations

(Dollars in Thousands)					
River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1976 Actual	1977 Estimates	1978 Estimates
		<u>Cooperative Surveys with States and Concerned Federal Agencies</u>			
Alaska Rivers	Alaska	State	- -	150	215
Yazoo-Mississippi River Delta	Mississippi	State			
			172	290	170
Tombigbee	Miss., & Ala.	State	309	20	- -
Oregon Rivers	Oregon	State	112	260	270
Colorado Rivers	Colorado	State	100	140	230
Florida Rivers	Florida	State	416	380	390
Tennessee River	Alabama	State	- -	70	80
Republican River	Nebraska	State	209	216	120
Kentucky River	Ky. & Tenn.	State	404	230	180
Massachusetts Water Resources Study	Massachusetts	State			
			302	365	270
Wind, Big Horn, Clarks Fork, & Green Rivers	Wyoming & Montana	State			
			214	210	180
Northeast Iowa Rivers	Iowa	State		70	155
			- -		
Southwest Ohio	Ohio	State	107	150	70
Texas Coastal Basins	Texas	State	221	180	- -
Black Warrior - Alabama Rivers	Alabama	State		240	270
			347		
Ashley-Combahee- Edisto	South Carolina	State		50	- -
			216		
Southern Minnesota Rivers	Minnesota	State		270	660 ^{4/}
			277		
Eastern New York	New York	State	335	290	230
Obion-Forked Deer	Tennessee	State	285	310	140
Statewide Water Resources	Maine	State	- -	70	100
Santa Cruz-San Pedro	Arizona	State	319	60	- -
Chicago Metro River Basin	Illinois & Chicago	Chicago MSD	445	65	50
Bear River	Utah, Wyo., Idaho	State	371	310	330
Snake River	Idaho & Wyo.	State	453	380	320
Tar-Neuse Rivers	North Carolina	State	150	130	150
Western South	South	State			
Dakota Rivers Area	Dakota		220	235	- -
Clark Fork	Montana	State	187	130	- -
San Joaquin	California	State	389	150	- -
Arkansas-White-Red, New Mexico	New Mexico	State	289	260	250
Quachita	Arkansas & Louisiana	State	481	480	490
Red River Above Denison Dam	Oklahoma	State	334	300	59
Chowan	Virginia	State	76	180	170
Eastern Washington	Washington	State	390	310	360
North Platte River	Wyoming	State	228	220	180
Kalamazoo River	Michigan	State	264	120	- -
Noncannah, Wolf and Loosahatchie	Tennessee	State	363	273	130
Cooperative Resource Assess & Support Activities	All States	All States	123	136	126

Geographic Breakdown and Funding for River Basin Surveys and Investigations

(Dollars in Thousands)

(Dollars in thousands)					
River Basin or Region	States Involved	Cooperating Agencies	Obligations		
			1976 Actual	1977 Estimates	1978 Estimates
		Cooperative Surveys with States and Concerned Federal Agencies			
		(Continued)			
Statewide Water Resources	Rhode Island	State	- -	70	90
Delmarva	Md., Del., Va.	State	274	240	75
Wisconsin River	Wisconsin	State	317	310	170
No. Missouri River Tributaries	Missouri	State	284	310	300
Mississippi State- wide Analytical Summary	Mississippi	State	- -	220	310
Little Colorado Basin	Arizona	State	56	260	320
Pennsylvania Analytical Summary	Pennsylvania	State	111	10	- -
Upper Missouri	Montana	State	- -	70	170
Colorado River Basin	Texas	State	- -	110	290
Southern Iowa Rivers	Iowa	State	219	270	180
Yadkin-Pee Dee Rivers	South Carolina	State	- -	150	250
Potomac River	West Virginia	State	66	275	230
Virgin River	Nevada	State	163	220	230
Colorado River Salinity Study	Ariz., Cal., Nev Wyo., & Colorado	State	433	794	475
New River	Tennessee	State & Corps of Engineers	194	30	- -
Arkansas Statewide	Arkansas	State	201	250	340
Central Ohio	Ohio	State	- -	210	190
Sacramento	California & Oregon	State	13	450	490
GREAT	Minn., Wis., Iowa	State	29	60	50
Cape Fear	North Carolina	Corps of Eng.	6	- -	- -
Arkansas River in Kansas	Kansas	State	7	- -	- -
Central Lohontan	Nev. & Calif.	State	5	- -	- -
Southeast Michigan River	Michigan	Corps of Eng.	5	- -	- -
Southwest Michigan River	Washington	State	3	- -	- -
Southwest Louisiana	Louisiana	State	10	- -	- -
Blackwater - Lamine	Missouri	State	96	- -	- -
Kankaku-Elkhart	Indiana	State	139	- -	- -
Iowa Cedar Rivers	Iowa	State	79	- -	- -
Monongahela	West Virginia	State	143	- -	- -
Pocatalico	West Virginia	State	47	- -	- -
Hawaiian Rivers	Hawaii	State	8	- -	- -
Arkansas River Drainage in Oklah.	Oklahoma	State	125	- -	- -
Green and Kentucky Rivers	Kentucky & Tennessee	State	22		
Subtotal Cooperative Surveys			12,163	12,009	10,505

Geographic Breakdown and Funding for River Basin Surveys and Investigations

(Dollars in Thousands)					
River Basin or Region	:	:	Obligations		
			1976	1977	1978
	:	Cooperating	1976	1977	1978
	:	Agencies	Actual	Estimates	Estimates
	:	:	:	:	:
TOTAL RIVER BASIN SURVEYS	:	:	12,733	12,159	10,655
Interregional Economical Analysis	:	:	106	341	347
Flood Plain Management Assistance	:	:	1,885	1,949	1,979
Interagency Coordination Programs and Assistance ..	:	:	442	2,000	2,025
TOTAL DIRECT OBLIGATIONS	:	:	15,166	16,449	15,006

- 1/ Centrally funded by the Water Resources Council (WRC).
- 2/ USDA funding for PL-639 study. Level B study centrally funded by WRC.
- 3/ USDA summary reports on terminated WRC studies.
- 4/ USDA Cooperative Study and PL-639 Study under Senate Public Works Committee Resolution dated October 15, 1975.



Residents of an upstate New York trailer park, built on flood prone land, watch as their homes are damaged and destroyed. Such high risk areas can be identified through the Flood Plain Management Assistance Program and the information used by local governments as a basis for regulating their use.



A heavy sediment load flows into the Mississippi River from the Loosahatchie River near Memphis. Such nonpoint pollution sources, caused by severe erosion upstream, can be identified ahead of time through river basin surveys and investigations.

Typical River Basin Surveys and
Flood Plain Management Assistance

The following examples are representative of the surveys and investigations underway:

Wolf and Loosahatchie Rivers and Nonconnah Creek (PL-639 Study) - Tennessee

The U.S. Department of Agriculture and the U.S. Department of the Army are making joint investigations and studies in these basins to identify water and related land resource problems and needs, and to develop alternative plans to satisfy these needs. These joint investigations were authorized by a resolution adopted on September 29, 1972, by the Committee on Public Works of the U.S. Senate.

The study area covers about 748 square miles and is located primarily in southwest Tennessee with a small portion in northwest Mississippi. In the upper regions of the study area, the land use is primarily agricultural while the lower reaches are urbanized by the Memphis Metropolitan Area. The land and water resource problems in the study area involve many interrelated physical, social, economic, and environmental concerns. Sediment produced by erosion on both agricultural and urban lands is a major problem in the area. Along with causing damages to crop, pasture, and forest lands, sediment is progressively filling the channels and floodplains resulting in a decreased carrying capacity of the channels and contributing to the frequent flooding of the urban areas of Memphis and Millington. Active public participation by local and state agencies, the Chickasaw Basin Authority, the Chickasaw Environmental Association, and other interested groups to develop alternative solutions for the area is a major part of the study.

An interim report on Nonconnah Creek to eliminate critical floodwater and sediment problems and provide needed waterbased recreational opportunities and watershed protection has been submitted in compliance with the provisions of Public Law 87-639. The Water Resources Development Act of 1976 (Public Law 94-587) authorized Phase I design work for the Nonconnah Creek project.

Eastern Washington (Cooperative Survey) - Washington

In conjunction with the Washington State Department of Ecology, the Department is conducting a study of the water and related land resources of eastern Washington. The 27.6 million acre study area covers eight subareas. The major thrust of the studies is to assist the state in obtaining the information necessary to develop water quality plans according to Public Law 92-500. The USDA studies are specifically oriented to the agricultural elements of point and nonpoint sources of sediments and other pollutants. The first three study subareas (Palouse, Yakima, Entiat) were selected by Washington State and the USDA because they typify major problem areas of dryland farming, irrigated areas and areas with forested uplands. All three studies are directed at land management needs related to sediment problems, water use, and pollution. The end result of the studies will be alternative solutions to reducing erosion, sediment, and degradation of water quality. Best management practices for different land uses and situations will be evaluated physically, economically, and socially. These results will serve as an important input to the state's water quality plans for the irrigated and dryfarmed areas of eastern Washington. The scope of the studies of the remaining five subareas will be determined on the basis of the specific problems identified by the state.

Southern Iowa Rivers Basin, Iowa

The Southern Iowa Rivers Basin is the second of six proposed cooperative river basin studies in Iowa. State sponsors for these studies are Iowa Department of Soil Conservation and Iowa Natural Resources Council. Local coordination is achieved through cooperation with the Southern Iowa Conservancy District. Six conservancy districts are formed along hydrologic boundaries and are a part of state government.

The data developed in the cooperative studies will be used in the development of a comprehensive statewide plan for the control, utilization, and protection of the water resources of the State of Iowa. Since agriculture is a basic industry in Iowa, the data provided by these studies will constitute an important part of the statewide plan.

Uintah Basin Salinity Control Study, Utah

USDA is making detailed salinity investigations under SCS leadership in the Uintah Basin in Uintah, Duchesne, and Wasatch Counties, Utah. There are 205,000 acres of irrigated cropland in the Basin. The objectives are to determine the extent that on-farm irrigation contributes to salinity in the Colorado River, whether salinity in the River can be reduced by improved onfarm practices, and how much incentive land-owners or operators need to implement a recommended program. SCS is studying the crops grown, soils on which they are grown, present irrigation and cultural practices, and the geology of the area. The study also evaluates whether salt laden sediments from the nonirrigated lands are contributing to the problem. This work is being performed in cooperation with the Department of the Interior's Bureau of Reclamation and the Environmental Protection Agency toward meeting the objectives of the Colorado River Basin Salinity Control Act (P.L. 93-320). Full coordination is being established with other interested local agencies and organizations. Similar investigations are underway or are being considered for 16 other irrigated areas in the Colorado River Basin.

Flood Plain Management Assistance - State of Maine

Under an August 1971 Joint Coordination Agreement with the Maine Soil and Water Conservation Commission, the SCS has completed 10 flood hazard studies and has 9 such studies underway. In addition, 29 other local governments have requested SCS to carry out a study. Each cooperative study is carried out according to a Plan of Study developed jointly by the requesting local government, the responsible state agency and the SCS. After completion of a detailed flood hazard study, SCS provides additional technical assistance and interpretation to help the local government revise and update their existing zoning ordinances to meet the state's mandatory Shoreline Zoning Law by utilizing the technical data from the flood hazard study.

Reimbursable Flood Insurance Studies in Cooperation with the Department of Housing and Urban Development

As of September 30, 1976, a total of 14,829 communities were participating in the National Flood Insurance Program. Of this number, 788 have had detailed flood insurance studies completed and are participating in the regular program. The remaining 14,041 are in the emergency program and have only the first layer of subsidized insurance coverage. (All participating communities, have adopted acceptable flood plain management regulations, and have insurance coverage available for buildings, mobile homes, and their contents.)

HUD has published preliminary maps identifying the special flood hazard areas in about 4,088 communities not participating in the flood insurance program.

HUD has identified 21,600 communities as containing floodprone areas. Detailed flood insurance studies have not been prepared for over 18,000 communities.

SCS has initiated a total of 291 detailed flood insurance studies in 43 states; 158 have been completed. SCS has an interagency agreement with HUD for \$2.5 million of study work in FY 1977, an increase from the \$1.5 in FY 1976. HUD has requested SCS increase its work to \$4.5 million in FY 1978. SCS prepares flood insurance studies for HUD under the National Flood Insurance Act of 1968.

Watershed Planning

Appropriation Act, 1977	\$11,196,000
Budget Estimate, 1978	<u>10,647,000</u>
Decrease in Appropriation	<u>-549,000</u>

Adjustments in 1977

Appropriation Act, 1977	\$11,196,000
1977 Supplemental Appropriation for pay costs	<u>455,000</u>
Adjusted base for 1978	\$11,651,000
Budget Estimate, 1978	<u>10,647,000</u>
Decrease over adjusted 1977	<u>-1,004,000</u>

SUMMARY OF INCREASES AND DECREASES

(On basis of adjusted appropriation)

Project	1977	Increase or Decrease	1978 Estimate
Small watershed planning authorized by PL-566	\$11,289,000	\$-1,215,000	\$10,074,000
GSA space rental costs	362,000	+105,000	467,000
Working Capital Fund services	(125,000)	+40,000	40,000
Operating support costs	--	+66,000	66,000
Total available	<u>11,651,000</u>	<u>-1,004,000</u>	<u>10,647,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Small watershed planning authorized by PL-566	\$11,196,000	\$11,651,000	<u>\$-1,004,000 (1)</u>	<u>\$10,647,000</u>
Proposed Supplemental for pay increase costs	--	-455,000		
Total, appropriation	<u>\$11,196,000</u>	<u>\$11,196,000</u>		

PROJECT STATEMENT

(On basis of available funds)

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Direct obligations:				
Small watershed planning authorized by PL-566	\$11,239,243	\$12,722,580	\$-2,075,580 (1)	\$10,647,000
Unobligated balance brought forward	(-1,016,759)	(-1,071,580)	(+1,071,580)	--
Unobligated balance carried forward	(+973,516)	--	--	--
Adjusted appropriation	(11,196,000)	(11,651,000)	(-1,004,000)	(10,647,000)
Reimbursable obligations	1,130,753	1,400,000	--	1,400,000
Obligational authority	<u>12,369,996</u>	<u>14,122,580</u>	<u>-2,075,580</u>	<u>12,047,000</u>

SOURCES OF REIMBURSEMENTS

Other Federal	\$ 100,021	\$ 10,000	--	\$ 10,000
Non-Federal	1,030,733	1,390,000	--	1,390,000
Total reimbursements	<u>1,130,754</u>	<u>1,400,000</u>	<u>--</u>	<u>1,400,000</u>

OUTLAYS

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Small watershed planning authorized by PL-566	\$12,101,260	\$12,294,000	\$-1,503,000	\$10,791,000

EXPLANATION OF PROGRAM

The appropriation "Watershed Planning" funds activities authorized by the Watershed Protection and Flood Prevention Act (Public Law 83-566), as amended, which relate to planning of individual watershed projects.

The Department makes surveys of proposed small watershed projects and prepares work plans in cooperation with local sponsors. The planning activities consist of:

- Cooperation between the federal government and state governments and their political subdivisions in assisting local sponsoring organizations develop work plans for proposed watershed projects,
- Conducting surveys and investigations to determine the land and water resource problems and opportunities within the watershed,
- Studying alternatives to provide the best combination of land treatment, nonstructural and structural measures for the protection, conservation, development, management and utilization of land, water and related resources,
- Compiling information that is the basis for mutual agreement by the Department, local organizations and the public concerning the possible alternative solutions which will best meet environmental, social and economic goals,
- Making environmental assessments concurrently with other planning efforts for every proposed watershed project,
- Preparing environmental impact statements and making them available to the public.

The watershed work plans:

- Identify the soil and water management problems in the watershed.
- List the steps that have been or are authorized to be taken to alleviate these problems.
- Outline the proposed works of improvement to be installed.
- Itemize the estimated benefits and costs.
- Set out the cost-sharing and operation and maintenance arrangements.
- Present other facts necessary to justify federal participation in project development.

The following table shows actual and projected progress in watershed planning and its relationship to project installation.

Explanation	1976 Actual	TQ Actual	1977 Estimate	1978 Estimate
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Status of project planning:

Planning in process start of year	263	182	183	148
New authorization during year ...	10	5	20	0
Completed plans during year	73	0	33	33

Status of project operations:

Uncompleted projects start of year	728	732	759	759
Projects approved for operations .	33	28	30	35
New construction starts	17	5	10	0

JUSTIFICATION OF INCREASES AND DECREASES

- (1) A decrease of \$1,004,000 in appropriations for small watershed planning authorized by PL-566 consisting of : (on the basis of available funds there is a decrease of \$2,075,580).

(a) A decrease of \$1,215,000 in watershed planning.

Need for Decrease. The FY 1978 budget provides for no new planning starts. By not starting new watershed planning work, greater progress can be made in planning on the 148 plans already in various stages of completion.

(b) An increase of \$105,000 for space rental costs pursuant to PL 92-313.

(c) An increase of \$40,000 for Working Capital Fund services.

(d) An increase of \$66,000 primarily for field office operating support costs such as utilities, local duplicating and copy services and reception-secretarial services needed to improve program delivery to the public.

STATUS OF PROGRAM

Current Activities: The Watershed Protection and Flood Prevention Act, P.L. 83-566, August 4, 1954, provides for cooperation between the federal government and the states and their political subdivisions in a program of watershed planning. The watershed planning work of the Department consists of assisting sponsoring local organizations develop a plan on watersheds not exceeding 250,000 acres. The soil erosion, water and land management, and sedimentation problems in a watershed are described and works of improvement proposed to alleviate these problems. The resulting watershed plans form the basis for installing needed works of improvement. Plans also include conservation land treatment needed to conserve land, water and related resources. Plans include estimated benefits and costs, cost-sharing and operation and maintenance arrangements, and other information necessary to justify federal assistance for carrying out the plan.

Developing Watershed Work Plans

Watershed planning is a coordinated investigation of the physical, environmental, social, and economic conditions specific to a watershed. Planning also includes analyses of alternative solutions to watershed problems to find the actions most acceptable to local sponsors.

Planning may disclose that a watershed project would provide substantial flood prevention or agricultural water management benefits and opportunity for conservation, development and management of land, water and related resources. Plans may include purposes such as municipal and industrial water supply, recreation, fish and wildlife, groundwater recharge, water quality management, control of agriculture-related pollution and disposal of solid wastes.

Watershed planning requires the skills of soil conservationists, economists, hydrologists, geologists, foresters, and engineers. They are supported by specialists in soil science, biology, plant technology, and recreation. Interested federal, state, and local agencies and the general public are given an opportunity and are encouraged to participate in and contribute to the planning process. This assures that works of improvement included in plans are in harmony with other programs. Each watershed is planned to meet local objectives and to be compatible with regional and national goals. The plan must be one which the local people are able, willing, and ready to install with assistance provided under the program, and one which they can and will effectively operate and maintain.

Environmental assessments are made by the Soil Conservation Service and others on each watershed being planned. These assessments are integrated into the planning process at the earliest possible stage. Environmental statements are submitted for review and comment to local, state, and federal agencies and are available to the general public. This provides an opportunity to obtain formal comments from a wide range of interests during planning.

Program Assignments

The Soil Conservation Service has responsibility for administration of the watershed planning program.

The Forest Service is responsible for planning the forestry measures for National Forest lands and for fire prevention forestry measures on non-federal forest lands in the watersheds. The Economic Research Service assists with development of criteria to be used in economic analysis of watershed projects.

The following table shows the amount of funds obligated for small watershed project investigations and planning in 1976, transition quarter, and estimates for 1977 and 1978 by allocation account agencies:

	1976 Obligations	Trans. Qtr. Obligations	1977 Estimate	1978 Estimate
Soil Conservation Service..	\$10,607,483	\$2,549,355	\$11,978,580	\$10,005,000
Economic Research Service..	12,801	9,848	37,000	31,000
Forest Service.....	618,958	141,733	707,000	611,000
Total	\$11,239,242	\$2,700,936	\$12,722,580	\$10,647,000

In addition to those agencies receiving allocations, other Federal agencies are reimbursed for services as needed. The Department of the Interior's Bureau of Land Management and Bureau of Indian Affairs are provided funds when needed to plan watershed measures for Federal lands which they administer. The National Oceanic and Atmospheric Administration of the Department of Commerce and the U. S. Geological Survey of the Department of the Interior provide precipitation and run-off data.

Selected Examples of Recent Progress: During fiscal year 1976, the Department received 22 state-approved applications for watershed planning assistance from local sponsors of proposed small watershed projects. Local sponsors withdrew 28 applications during the year. The 2,904 applications for watershed planning assistance on hand on June 30, 1976, covered 227,000,000 acres in the 50 states and Puerto Rico. During fiscal year 1976, 10 applications were approved for planning assistance. Since inception of the program, 1,731 applications have been approved for planning. Watershed plans had been completed on 1,145 of these watersheds as of June 30, 1976. Planning had been suspended or terminated on 313 other watersheds at the request of sponsoring local organizations or with their concurrence when it became evident that planning activity would be significantly delayed. As of June 30, 1976, there were 500 unprocessed applications for watershed planning assistance.

The following table shows applications received and actual and projected progress in planning small watershed projects:

<u>Activity</u>	<u>1976 Actual</u>	<u>Trans. Qtr.</u>	<u>1977 Estimate</u>	<u>1978 Estimate</u>
1. <u>Applications for planning assistance:</u>				
On hand, cumulative, start of period..	2,910	2,904	2,892	2,902
Net change during period.....	-6	-12	+10	+10
On hand, cumulative, end of period....	2,904	2,892	2,902	2,912
Consisting of:				
a. Suitable for planning (backlog)...	500	497	500	520
b. Not suitable for planning.....	673	659	646	636
c. Authorized for planning.....	1,731	1,736	1,756	1,756
2. <u>Status of planning:</u>				
Authorized, cumulative, start of year.	1,721	1,731	1,736	1,756
LESS:				
Suspended or terminated, cumulative, start of year	313	331	335	357
Completed, cumulative, start of year.	1,145	1,218	1,218	1,251
Planning in process start of year....	263	182	183	148
New authorizations during year.....	10	5	20	0

Activity	1976 Actual	Trans. Qtr.	1977 Estimate	1978 Estimate
Authorized planning in process during year.....	273	187	203	148
LESS:				
Suspended or terminated during year...	18	4	22	10
Completions during year.....	73	0	33	33
Planning in process, end of year.....	182	183	148	105

Watershed Planning Progress by State

Following is a table showing by state the number of applications received in Washington, D.C., the number authorized for planning assistance and the number of work plans completed as of September 30, 1976.

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres (1000)	No.	Acres (1000)	No.	Acres (1000)
Alabama	63	4,301.2	41	2,981.5	31	2,040.8
Alaska	2	204.8	0	0	0	0
Arizona	28	2,826.5	17	1,922.7	13	1,136.2
Arkansas	97	8,170.4	75	6,336.0	57	3,613.9
California	80	5,591.6	48	3,214.5	22	931.2
Caribbean Area	6	342.7	5	292.8	3	252.0
Colorado	56	4,657.3	32	2,160.8	18	1,066.1
Connecticut	22	358.6	16	287.6	9	201.1
Delaware	6	357.7	4	281.9	4	281.9
Florida	77	5,177.5	33	2,381.2	20	1,230.9
Georgia	153	10,536.3	75	5,271.3	62	3,860.6
Hawaii	12	544.2	10	519.4	8	474.5
Idaho	48	5,124.0	18	1,463.3	6	303.1
Illinois	68	4,218.2	41	2,329.8	20	991.8
Indiana	111	8,630.5	56	4,243.9	36	2,288.3
Iowa	97	3,236.0	53	1,094.1	45	880.1
Kansas	98	11,150.6	68	7,209.5	48	4,953.2
Kentucky	60	3,727.1	44	2,861.7	31	2,141.4
Louisiana	73	8,333.4	51	6,059.2	38	4,570.2
Maine	27	2,022.1	16	1,044.1	10	519.7
Maryland	39	1,618.7	29	948.3	18	399.5
Massachusetts	23	1,013.4	16	603.5	11	458.5
Michigan	36	2,384.6	26	1,370.8	20	864.4
Minnesota	48	4,146.9	27	2,324.6	16	1,194.6
Mississippi	90	7,029.7	67	5,270.2	53	3,947.5
Missouri	82	7,022.8	33	2,389.1	20	986.0
Montana	54	4,243.2	25	1,528.5	14	636.6
Nebraska	83	7,053.8	57	3,804.3	43	2,667.1
Nevada	30	3,678.7	15	2,060.2	5	388.1
New Hampshire	13	1,039.5	12	1,021.4	7	456.8
New Jersey	24	457.5	17	376.3	12	252.6
New Mexico	81	7,937.6	39	3,048.6	28	1,681.7
New York	38	2,063.1	22	1,182.6	16	770.8
North Carolina	76	5,090.0	59	3,295.0	45	1,979.6
North Dakota	43	6,486.1	29	4,535.8	18	2,518.4
Ohio	72	7,290.1	24	2,201.2	16	1,138.5
Oklahoma	111	11,770.8	73	7,671.8	63	6,230.1
Oregon	58	5,820.1	23	2,098.3	15	969.2
Pennsylvania	45	2,104.7	31	1,817.1	24	1,182.8
Rhode Island	2	104.2	2	104.2	0	0
South Carolina	55	2,795.6	46	2,466.4	38	1,679.0
South Dakota	28	2,426.9	21	1,574.4	14	525.3

State	Applications Received		Planning Authorized		Work Plans Completed	
	No.	Acres (1000)	No.	Acres (1000)	No.	Acres (1000)
Tennessee	88	4,331.5	51	2,529.2	35	1,463.8
Texas	162	17,271.8	106	11,282.5	86	8,772.4
Utah	38	4,367.4	21	2,211.1	12	1,305.7
Vermont	9	717.8	8	699.9	4	62.9
Virginia	70	3,127.1	36	1,914.5	30	1,644.5
Washington	50	2,891.3	22	978.1	13	289.8
West Virginia	56	2,154.0	36	1,320.0	24	898.7
Wisconsin	56	2,944.5	36	2,173.1	25	1,307.7
Wyoming	48	5,467.2	24	1,979.6	12	578.1
Cumulative Totals thru 9/30/76	2,892	226,361.3	1,736	128,735.9	1,218	78,987.7

Sharing Watershed Planning Costs

Watershed planning staffs are available to assist local organizations in all states except Alaska. Planning services are provided in Rhode Island, Vermont and Delaware by the planning staffs headquartered in Connecticut, New Hampshire and Maryland, respectively. A number of states that are undertaking river basin surveys under authority of Section 6 of Public Law 566 have integrated their regular watershed planning staff with the river basin survey staff. This permits efficient use of technical personnel to accomplish both activities. The size of the planning staffs varies according to the workload in each state. Watershed planning funds averaged approximately \$212,000 per state in 1976, ranging from about \$9,000 to \$331,000.

In fiscal year 1976, state legislatures and other local organized units in 36 states and Puerto Rico appropriated or otherwise provided about \$3.2 million to finance watershed planning activities. This local input was through advances, reimbursements, state-controlled watershed planning parties, or personnel provided by the states to work with Service watershed planning staffs.

Considering the influence of recent legislation, and recent efforts to improve planning efficiency, the current total cost per watershed plan is estimated at \$165,000 of which \$125,000 is federal. About 10 man-years of federal employment are required per plan.

Watershed planning funds obligated and man-years in 1976 by state were:

State	Obligations	Man-Years	State	Obligations	Man-Years
Alabama	294,502	12	Nebraska	534,767	21
Alaska	9,608	--	Nevada	--	--
Arizona	131,572	5	New Hampshire	105,207	4
Arkansas	294,914	7	New Jersey	121,488	6
California	175,978	7	New Mexico	145,649	6
Colorado	176,478	7	New York	173,948	6
Connecticut	120,284	5	North Carolina	246,287	8
Delaware	--	--	North Dakota	131,328	4
District of Columbia	742,622	24	Ohio	182,282	8
Florida	117,741	6	Oklahoma	275,958	12
Georgia	231,643	9	Oregon	482,654	17
Hawaii	95,990	3	Pennsylvania	452,699	17
Idaho	83,977	2	Puerto Rico	50,030	4
Illinois	242,354	4	Rhode Island	21,942	1
Indiana	211,117	9	South Carolina	94,301	3
Iowa	193,198	6	South Dakota	168,396	7
Kansas	319,865	11	Tennessee	216,624	9



Many watershed projects go beyond flood prevention and agricultural water management. A multipurpose dam in the Hazel Creek Watershed project (above) was designed for flood prevention and municipal water supply for the community of Cornelia, Georgia. Projects may also include recreation and fish and wildlife development.



Upland conservation measures such as contour stripcropping, terraces, and grassed waterways protect the land from erosion and, at the same time, greatly reduce the sediment load entering the three flood prevention reservoirs. The flood retarding dams along with the conservation measures are part of a PL 566 watershed project in Nebraska.

<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>	<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>
Kentucky	126,153	4	Texas	636,624	25
Louisiana	188,734	7	Utah	262,022	9
Maine	84,543	4	Vermont	32,259	1
Maryland	357,664	12	Virginia	240,011	9
Massachusetts	103,878	4	Washington	174,285	6
Michigan	149,644	7	West Virginia	242,775	9
Minnesota	218,469	9	Wisconsin	198,798	9
Mississippi	238,509	10	Wyoming	149,998	5
Missouri	260,391	11	SCS Watershed		
Montana	94,323	4	Planning	10,607,483	395
			Forest Lands	618,958	26
			Economic Analysis	12,801	1
			Total Watershed Planning	\$11,239,242	422

Multiple-Purpose Projects Increasing

Although watershed protection and flood prevention remain dominant objectives of the watershed program, multiple-purpose projects have increased from 21% in 1957 to 55% in 1976. Multiple-purpose projects include at least one additional feature such as water supply, recreation, and fish and wildlife development. The trend toward multiple-purpose projects resulted from the amendments to Public Law 566 which have broadened the scope of activities and added new authorities to the program. There is also a growing trend to fully use the potential of each site to avoid partial commitment which precludes the full range of benefits possible at each of the relatively limited construction sites available.

Watershed and Flood Prevention Operations

	Watersheds Authorized by PL-534	Emergency Operations Sec. 216	Small Watersheds Authorized by PL-566	Total Watershed and Flood Prevention
Appropriation Act, 1977	\$25,572,000	\$12,300,000	\$120,327,000	\$158,199,000
Budget Estimate, 1978	25,744,000	300,000	112,948,000	138,992,000
Adjustments in Appropriation ...	<u>+172,000</u>	<u>-12,000,000</u>	<u>-7,379,000</u>	<u>-19,207,000</u>

Adjustments in 1977:

Appropriation Act, 1977	\$158,199,000	
1977 Supplemental for Appropriation for pay costs	<u>+1,840,000</u>	
Adjusted base for 1978		160,039,000
Budget estimate, 1978		<u>138,992,000</u>
Decrease over adjusted 1977		<u>-21,047,000</u>

SUMMARY OF INCREASES AND DECREASES
(on basis of adjusted appropriation)

	<u>1977</u>	<u>Increase or Decrease</u>	<u>1978 Estimate</u>
1. Watershed operations authorized by PL-534:			
(a) GSA space rental cost	\$ 258,000	\$ +89,000	\$ 347,000
(b) Working Capital Fund Cost	(249,000)	+26,000	26,000
(c) Operating support cost	--	+57,000	57,000
(d) All other	25,314,000	--	25,314,000
Subtotal, flood prevention	<u>25,572,000</u>	<u>+172,000</u>	<u>25,744,000</u>
2. Emergency operations authorized by Section 216	12,300,000	-12,000,000	300,000
3. Small watersheds authorized by PL-566:			
(a) Payments for contracting by local sponsors	57,131,000	-10,000,000	47,131,000
(b) Annualization of the pay costs increase effective in FY 1977	1,840,000	+39,000	1,879,000
(c) GSA space rental cost	1,245,000	+377,000	1,622,000
(d) Working Capital Fund services	(1,166,000)	+122,000	122,000
(e) Operating support cost	--	+243,000	243,000
(f) All other	61,951,000	--	61,951,000
Subtotal, watershed operations	<u>122,167,000</u>	<u>-9,219,000</u>	<u>112,948,000</u>
Total available	<u>160,039,000</u>	<u>-21,047,000</u>	<u>138,992,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

Project	<u>1976</u>	<u>1977 (estimated)</u>	<u>Increase or Decrease</u>	<u>1978 (estimated)</u>
1. Watershed operations authorized by PL-534:				
(a) Planning	\$ 1,500,000	\$ 1,430,000	\$ +15,000	\$ 1,450,000
(b) Technical assistance	13,750,000	13,075,000	+157,000	13,227,000
(c) Financial assistance for construction:				
Direct federal con-				
tracting	10,163,000	10,875,000	--	10,875,000
(d) Loan services	192,000	192,000	--	192,000
Subtotal, flood preven-				
tion	25,605,000	25,572,000	+172,000 (1)	25,744,000

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
2. Emergency operations authorized by Section 216	\$65,636,000	\$12,300,000	\$-12,000,000(2)	\$ 300,000
3. Small watersheds authorized by PL-566:				
(a) Technical assistance ...	39,156,000	37,092,000	+781,000	37,873,000
(b) Financial assistance for construction:				
Direct federal contracting	23,409,000	27,581,000	--	27,581,000
Payments for contracting by local sponsors	57,591,000	57,131,000	-10,000,000	47,131,000
(c) Loan services	348,000	363,000	--	363,000
Subtotal, watershed operations	120,504,000	122,167,000	-9,219,000(3)	112,948,000
Total available or estimate	211,745,000	160,039,000	-21,047,000	138,992,000
Proposed supplemental for pay increase costs	--	-1,840,000		
Total, appropriation	211,745,000	158,199,000		

PROJECT STATEMENT
(On basis of available funds)

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Direct obligations:				
1. Watershed operations authorized by PL-534:				
(a) Planning	\$ 1,364,715	\$ 1,430,000	\$ +20,000	\$ 1,450,000
(b) Technical assistance	12,516,565	13,075,000	+152,000	13,227,000
(c) Financial assistance for construction:				
Direct federal contracting	10,546,493	22,100,000	-11,225,000	10,875,000
(d) Loan services	192,000	192,000	--	192,000
Subtotal, flood prevention	24,619,773	36,797,000	-11,053,000(1)	25,744,000
2. Emergency operations authorized by Section 216	11,351,126	62,327,000	-62,027,000(2)	300,000
3. Small watersheds authorized by PL-566:				
(a) Technical assistance	44,312,374	39,612,000	-1,739,000	37,873,000
(b) Financial assistance for construction:				
Direct federal contracting	22,842,068	26,828,000	+753,000	27,581,000
Payments for contracting by local sponsors	52,892,859	67,636,224	-20,505,224	47,131,000
(c) Loan services	348,000	363,000	--	363,000
Subtotal, watershed operations	120,395,301	134,439,224	-21,491,224(3)	112,948,000
Total, direct obligations	156,366,200	233,563,224	-94,571,224	138,992,000
Unobligated balance brought forward	(-22,052,172)	(-73,524,224)	(+73,524,224)	--
Unobligated balance carried forward	(77,430,972)	--	--	--
Adjusted appropriation	(211,745,000)	(160,039,000)	(-21,047,000)	(138,992,000)

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Reimbursable obligations:				
1. Watershed operations authorized by PL-534:				
(a) Planning	\$ --	\$ --	\$ --	\$ --
(b) Technical assistance	81,020	64,000		64,000
(c) Financial assistance for construction:				
Direct federal contracting	73,959	136,000	--	136,000
(d) Loan services	--	--	--	--
Subtotal, flood prevention	154,979	200,000	--	200,000
2. Emergency operations authorized by Section 216	174,473	--	--	--
3. Small watersheds authorized by PL-566:				
(a) Technical assistance	421,476	532,000	--	532,000
(b) Financial assistance for construction:				
Direct federal contracting	657,155	1,368,000	--	1,368,000
Payments for contracting by local sponsors	-1,342	--	--	--
(c) Loan services	--	--	--	--
Subtotal, small watersheds	1,077,289	1,900,000	--	1,900,000
Total reimbursable obligations ..	<u>1,406,741</u>	<u>2,100,000</u>	<u>--</u>	<u>2,100,000</u>
Obligational authority	<u>157,772,941</u>	<u>235,663,224</u>	<u>-94,571,224</u>	<u>141,092,000</u>

SOURCES OF REIMBURSEMENTS

	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Within USDA:				
From interagency accounts	\$ 253,834	\$ 440,000	\$ --	\$ 440,000
From other USDA agencies	29,692	48,000	--	48,000
Other federal agencies	185,683	12,000	--	12,000
Non-federal sources	937,532	1,600,000	--	1,600,000
Total reimbursements	<u>1,406,741</u>	<u>2,100,000</u>	<u>--</u>	<u>2,100,000</u>

OUTLAYS

	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
1. Watershed operations authorized by PL-534:				
(a) Planning	\$ 986,623	\$ 1,427,000	\$ +70,000	\$ 1,497,000
(b) Technical assistance ...	8,880,304	13,053,000	-49,000	13,004,000
(c) Financial assistance for construction:				
Direct federal contracting	12,588,073	27,972,000	-5,964,000	22,008,000
(d) Loan services	192,000	192,000	--	192,000
Subtotal	22,647,000	42,644,000	-5,943,000	36,701,000
2. Emergency operations authorized by Sec. 216	17,567,670	54,778,000	-47,529,000	7,249,000

	<u>1976</u>	<u>1977</u> <u>(estimated)</u>	<u>Increase</u> <u>or Decrease</u>	<u>1978</u> <u>(estimated)</u>
3. Small watershed operations authorized by PL-566:				
(a) Technical assistance ...	\$41,473,013	\$39,800,000	\$-2,086,000	\$37,714,000
(b) Financial assistance for construction:				
Direct federal contracting	28,684,731	36,282,000	-6,615,000	29,667,000
Payments for contracting by local sponsors	45,939,256	56,750,000	-10,349,000	46,401,000
(c) Loan services	<u>348,000</u>	<u>363,000</u>	<u>--</u>	<u>363,000</u>
Subtotal watershed operations	<u>116,445,000</u>	<u>133,195,000</u>	<u>-19,050,000</u>	<u>114,145,000</u>
Total outlays	<u>156,659,670</u>	<u>230,617,000</u>	<u>-72,522,000</u>	<u>158,095,000</u>

EXPLANATION OF PROGRAM

The appropriation "Watershed and Flood Prevention Operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act as amended (16 U.S.C. 1001-1005, 1007-1008) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) which relate to installation of individual watershed projects, flood protection subwatershed projects, and emergency watershed protection. Activities include:

Watershed Operations Authorized by PL-534

The planning criteria, economic justifications, local sponsorship requirements cost-sharing criteria, and other policies and procedures used in the Flood Prevention Program have been adjusted to generally parallel those of the Watershed Protection Program.

The Department helps install watershed improvement measures to prevent floods, reduce flood water, sedimentation, and erosion damages; further the conservation, development, utilization and disposal of water; further the conservation and proper utilization of land, and other measures, incorporated in subwatershed work plans. The following table shows the status of subwatershed work plans:

<u>Subwatersheds Status</u>	<u>1976</u>	<u>T.Q.</u>	<u>1977</u>	<u>1978</u>
In construction	<u>129</u>	<u>130</u>	<u>130</u>	<u>126</u>
Completed	171	172	176	180
Not started	<u>100</u>	<u>98</u>	<u>94</u>	<u>94</u>
Total Subwatersheds	<u>400</u>	<u>400</u>	<u>400</u>	<u>400</u>

Emergency Operations Authorized by Section 216

Section 216 authorizes the expenditure of not to exceed \$300,000 each fiscal year for such emergencies for runoff retardation and soil erosion prevention as may be needed to safeguard life and property from floods and the products of erosion on any watershed whenever flood, fire or any other natural element causes a sudden impairment of the watershed. The Department administers the program by providing technical assistance and arranging with local contractors to do most of the required installation measures.

Small Watershed Operations Authorized by PL-566

The Department provides technical and financial assistance to local organizations to install the watershed works of improvement for watershed protection, flood prevention, agricultural water management, recreation, and fish and wildlife development, and other authorized features specified in the work plans.

The following table shows the status of PL-566 watershed projects.

<u>Status of Operational Projects</u>	<u>1976</u>	<u>T.Q.</u>	<u>1977</u>	<u>1978</u>
Projects in pre-construction	130	153	170	200
Projects under construction	492	468	477	447
Projects construction completed				
continuing land treatment	42	42	42	42
Projects completed	396	425	426	456
Projects not requiring funds	97	97	100	105
Total operational projects	<u>1,157</u>	<u>1,185</u>	<u>1,215</u>	<u>1,250</u>

JUSTIFICATION OF INCREASES AND DECREASES

- (1) An increase in appropriation of \$172,000 for watershed operations authorized by PL-534, consisting of: (on the basis of available funds, there will be a decrease of \$11,053,000).
 - (a) An increase in GSA space rental costs of \$89,000.
 - (b) An increase in Working Capital Funds services of \$26,000.
 - (c) An increase primarily in field office operating support costs of \$57,000 for utilities, local duplicating and copy services, and reception-secretarial services needed to improve program delivery to the public.
- (2) A decrease of \$12,000,000 for non-recurring emergency operations Section 216 funds appropriated in fiscal year 1977, (on the basis of available funds, there will be a decrease of \$62,027,000).
- (3) A decrease of \$9,219,000 in appropriation for small watershed operations authorized by PL-566 consisting of: (on the basis of available funds, there will be a decrease of \$21,491,224).
 - (a) A decrease in contracting by local sponsors of \$10,000,000 (\$57,131,000 available in 1977).

Need for Decrease: There will be no new construction starts in FY 1978. This will allow current construction to move ahead at the planned rate and ensure federal commitments already made to local watershed sponsors.

- (b) An increase in GSA space rental costs of \$377,000.
- (c) An increase for annualization of pay increases of \$39,000, effective in FY 1977.
- (d) An increase in Working Capital Fund services of \$122,000.
- (e) An increase primarily in field office operating support costs of \$243,000 for utilities, local duplicating and copy services, and reception-secretarial services needed to improve program delivery to the public.

Distribution of Funds for Watershed Operations Authorized by PL-534, by Project

The following tables show obligations in 1976 and estimated obligations in 1977 and 1978 in the authorized flood prevention projects (the Buffalo Creek Watershed in New York was completed in 1964).

Flood Prevention Projects	1976 Obligations	Brought Forward from 1976	1977 Appropriation (adjusted)	Estimated Obligations 1977	Estimated Obligations 1978
Colorado (Middle), Texas	\$ 1,671,667	\$ 1,414,794	\$ 1,021,000	\$ 2,435,794	\$ 1,050,000
Coosa, Georgia, Tennessee	204,348	38,322	190,000	228,322	215,000
Little Sioux, Iowa	1,114,864	197,909	1,128,000	1,325,909	1,178,000
Little Tallahatchie, Mississippi .	1,335,144	285,075	1,513,000	1,798,075	1,863,000
Los Angeles, California	1,820,364	--	1,400,000	1,400,000	1,400,000
Potomac, Maryland, Pennsylvania					
Virginia, West Virginia	1,650,731	3,662,437	3,120,000	6,782,437	2,771,000
Santa Ynez, California	753,497	1,225,426	760,000	1,985,426	760,000
Trinity, Texas	5,137,885	356,905	5,066,000	5,422,905	5,065,000
Washita, Oklahoma, Texas	5,098,523	990,512	4,526,000	5,516,512	4,581,000
Yazoo, Mississippi	5,640,750	3,053,620	6,656,000	9,709,620	6,669,000
Subtotal, Authorized Projects	24,427,773	11,225,000	25,380,000	36,605,000	25,552,000
Loan Services	192,000	--	192,000	192,000	192,000
Total, Flood Prevention Projects	24,619,773	11,225,000	25,572,000	36,797,000	25,744,000

STATUS OF PROGRAM

Watershed operations authorized by Public Law 534, Flood Control Act of 1941, provides for installation of (1) mainstream works of improvement for the control of floods, for which the Department of the Army is responsible, and (2) watershed improvement measures to prevent floods; reduce floodwater, sedimentation, and erosion damages; and further the conservation, development, utilization, and disposal of water, and the conservation and proper utilization of land for which the Department of Agriculture is responsible. Flood prevention work is authorized in the eleven watersheds designated in the Flood Control Act of December 22, 1944.

Emergency measures are funded under Section 216 of the Flood Control Act of 1950. Not to exceed \$300,000 of the amount appropriated for Flood Prevention may be expended each fiscal year for emergency measures when a fire, flood or any other natural element or force has caused a sudden impairment of a watershed. Any balances not needed for these purposes are distributed late in the fiscal year to watersheds where the greatest need exists and where the local sponsoring organizations have provided lands, easements, and rights-of-way required for installation of additional works of improvement.

Small Watersheds authorized by Public Law 566, Watershed Protection and Flood Prevention Act of 1954, provides for cooperation between the federal government and the states and their political subdivisions in a program to prevent erosion, floodwater, and sediment damages in the watersheds of rivers and streams; to further the conservation, development, utilization and disposal of water; and to further the conservation and proper utilization of land.

The Flood Prevention (PL-534) and the Watershed Protection (PL-566) programs have similar objectives. The planning criteria, economic justifications, local sponsorship requirements, cost-sharing criteria, structural limitations and other policies and procedures used in Flood Prevention projects have been adjusted to generally parallel those used in Watershed Protection projects.

Assistance Furnished

Assistance furnished under this appropriation consists of the following:

1. Technical and financial assistance for construction includes:
 - a. Land treatment measures: Assurance that a program of proper land use and treatment will be carried out is a basic requirement for approval of assistance in the development of Flood Prevention subwatersheds or watershed projects. The Department furnishes land owners and operators technical assistance to accelerate the planning and application of land treatment measures which help achieve project objectives. This assistance is in addition to that received under other conservation programs. Certain types of land treatment measures are required to be installed to achieve justified off-site flood prevention benefits. As such measures provide small, or long-deferred benefit to the landowner, the installation cost is shared with Federal funds.

In PL-534 Flood Prevention projects, the federal government may pay part or all of the cost of installing some land treatment measures. Measures currently eligible for this type of financial assistance include those for intensified fire protection, stabilization of critical areas, minor gully, streambank and grade stabilization structures, and other measures, which may be used in lieu of downstream flood prevention structures. The Department may furnish vegetative planting and other materials to land owners for establishment of essential measures. Work may be contracted or carried out through force account procedures.

In PL-566 watersheds the cost of applying such measures may be paid for in part by the Department as authorized in Section 3 of the Watershed Protection and Flood Prevention Act. The rate of financial assistance on such special measures may not exceed the rate of assistance for similar practices under other conservation programs of the Department. This work is accomplished through project agreements with local sponsoring organizations. The local sponsors arrange for and accomplish the work by contract or force account. Payments are made by the federal government to the local sponsoring organizations as the land treatment measures are installed.

- b. Structural measures: Floodwater retarding structures, stream channel work, stabilizing and sediment control structures, water storage structures, and other structures are integral parts of watershed protection. Detailed construction plans, designs and specifications are prepared for these measures by the Department or by private engineers employed by the local sponsoring organization or the Department.

The federal government provides all construction funds for structural measures for flood prevention and an equitable share of the cost of installing works of improvement for agricultural water management, and fish and wildlife or recreational development. The latter includes the cost of minimum basic facilities for public health and safety and access to recreational areas. Local organizations must pay all costs of works of improvement for other purposes. In addition, local organizations must acquire water rights and furnish land, easements and rights-of-way for all structural measures. However, up to one half the cost of land, easements, and rights-of-way allocated to public fish and wildlife and recreational developments may be paid with PL-534 or PL-566 funds. In PL-566 watersheds, local organizations must also administer construction contracts, unless they request SCS to do the contracting. Local organizations must also operate and maintain the completed works of improvement on non-federal lands.

Advances may be made to local sponsoring organizations to provide for immediate acquisition of easements and rights-of-way. Also, advances may be made to provide up to 30 percent of the total estimated cost of a proposed impounding structure when such structures are to be used for additional storage of water to meet anticipated future demands for municipal and industrial uses. In each case, advances must be repaid with interest. Advances for preservation of structure sites must be repaid before construction starts.

In PL-534 subwatersheds, the Department usually does the contracting. In PL-566 watersheds, funds for installation of planned structural measures on non-federal lands are provided to local organizations under the terms and conditions set forth in project agreements. Federal agencies carry out the watershed construction program on federal lands which they administer.

Engineering assistance is provided for flood prevention, agricultural water management, and for water resource development or improvement for public fish and wildlife and recreational purposes, either directly by the federal government or by the local organizations with advances or reimbursement from the federal government. The Department may also supply up to one-half the cost of engineering assistance required for the installation of minimum basic facilities for public fish and wildlife and recreational development.

- 2. Detailed subwatershed work plans are prepared for PL-534 flood prevention projects in cooperation with soil conservation districts and other local sponsoring organizations. These plans outline soil and water management problems in subwatersheds, what has been or is planned to be done to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, cost-sharing and operation and maintenance arrangements.

3. Program evaluation studies in selected watershed projects to assess effectiveness of structural and land treatment measures installed and assure safe and reasonable design.
4. Loans and loan services to finance the local share of the costs of installing planned works of improvement. Repayment with interest is required within 50 years after the principal benefits of improvements first become available. Loans are financed from the Agricultural Credit Insurance Fund of the Farmers Home Administration.
5. Emergency measures: This authority permits installation of emergency measures for immediate protection of life or property from flooding, erosion, or sedimentation damage until long-range practices can become effective. Emergency work includes but is not limited to establishing quick vegetative cover on denuded land, the sloping of steep and eroding banks, opening dangerously restricted channels, constructing diversions and levees and other emergency work. This work is done to the extent funds are available. Prompt action to alleviate hazardous watershed conditions is essential. Flooding or wind erosion can cause extensive damage to impaired watersheds left unprotected. The Soil Conservation Service administers the program, provides technical assistance and arranges with local contractors to do the installation work. The Forest Service is responsible for installing measures on the national forest reserve.

Program Assignments

The Soil Conservation Service has general responsibility for administration of the Watershed Protection and Flood Prevention Act and the work authorized under the Flood Control Acts. This includes responsibility for the installation of land treatment measures and structural works of improvement in authorized watersheds on non-federal land and on federal lands by arrangement with the administering agency.

The Forest Service is responsible for installing planned land treatment measures and certain structural works on National Forests and other lands administered by the Forest Service in authorized projects. It is also responsible, in cooperation with and through state and local agencies, for the installation of planned forestry measures on forest lands within projects.

The Forest Service does emergency work on national forest reserve lands and on adjacent land which they administer under formal agreement.

The Economic Research Service makes special economic analyses of watershed or sub-watershed projects.

Farmers Home Administration has responsibility for administration of Sections 4 and 8 of the Act as they relate to loans and advances to local organizations.

The Agricultural Research Service carries out trap efficiency studies to determine water and sediment outflow from reservoirs for use in designing floodwater retarding structures.

The Department of Interior's Bureau of Land Management and Bureau of Indian Affairs participate in the installation of works of improvement on lands under their jurisdiction.

The following table shows the funds obligated for PL-534 watershed operations, emergency operations and PL-566 small watersheds in FY 1976 and estimates for FY 1977 and FY 1978. (Excludes loan funds).

Program and Agency	1976 Obligations	1977 Estimate	1978 Estimate
PL-534 Watershed Operations:			
Soil Conservation Service	\$ 19,771,938	\$ 32,263,000	\$ 21,206,000
Economic Research Service	26,970	46,000	46,000
Forest Service	4,628,865	4,296,000	4,300,000
Farmers Home Administration	192,000	192,000	192,000
Total PL-534, Watershed Operations	24,619,773	36,797,000	25,744,000
Emergency Operations:			
Soil Conservation Service	8,288,276	56,489,458	300,000
Forest Service	3,062,850	5,837,542	--
Total Emergency Operations	11,351,126	62,327,000	300,000
PL-566 Small Watersheds:			
Soil Conservation Service	118,929,927	132,592,224	111,112,000
Economic Research Service	65,394	120,000	112,000
Forest Service	1,051,980	1,364,000	1,361,000
Farmers Home Administration	348,000	363,000	363,000
Total PL-566 Small Watersheds .	\$120,395,301	\$134,439,224	\$112,948,000

Watershed Operations Authorized by PL-534 (Flood Prevention Operations)

Because the authorized flood prevention projects include relatively large areas, work plans are developed on a subwatershed basis. As of June 30, 1976, the total planning job was about 79 percent completed, with 315 work plans completed that include 22,103,444 acres. The following table summarizes the status of subwatershed planning by authorized project:

Flood Prevention Projects	Total Authorized Area Acres	Subwatershed and other areas with planning potential No.	Subwatershed and other work plans prepared to 6/30/76 Acres
Buffalo Creek a/	279,680	3	279,680
Colorado (Middle)	4,613,120	17	4,357,000
Coosa	1,339,400	16	1,339,400
Little Sioux	1,740,800	130	402,330
Little Tallahatchie	963,977	18	562,876 b/
Los Angeles	536,960	13	301,731 c/
Potomac	4,205,400	23	2,568,729
Santa Ynez	576,000	6	368,550 d/
Trinity	8,424,260	40	7,085,320
Washita	5,095,040	60	5,095,040
Yazoo	3,942,197	74	3,746,379 c/
Total	31,716,834	400	26,107,035

a/ The Buffalo Creek Watershed was completed and closed in 1964.

b/ Excludes 96,501 acres of Sardis Reservoir area, and 304,000 acres in minor watersheds needing only land treatment measures.

c/ Include National Forest and other lands, for which the Forest Service has been assigned program responsibility.

d/ Excludes 195,818 acres of reservoir area.

The estimated Federal cost for each watershed adjusted to reflect installation of fish and wildlife and recreational developments and future water supplies under provisions of recent amendments to the Watershed Protection and Flood Prevention Act and total Federal obligations through FY 1976 are:

Flood Prevention Project	: Estimated Total	: Total Obligations
	: Federal Cost 1/	: June 30, 1976
Buffalo Creek Watershed, New York (Complete) ..	\$ 4,615,182	: \$ 4,615,182
Middle Colorado River Watershed, Texas	57,878,000	: 35,787,279
Coosa River Watershed, Georgia and Tennessee ..	18,352,000	: 15,807,863
Little Sioux River Watershed, Iowa	61,758,000	: 26,952,547
Little Tallahatchie River Watershed,	:	:
Mississippi	35,604,000	: 30,704,165
Los Angeles River Watershed, California	88,747,000	: 40,035,714
Potomac River Watershed, Maryland, Pennsylvania,	:	:
Virginia, West Virginia	47,944,000	: 38,653,546
Santa Ynez River Watershed, California	17,574,000	: 11,543,933
Trinity River Watershed, Texas	154,007,000	: 96,795,798
Washita River Watershed, Oklahoma and Texas ...	99,851,000	: 98,655,733
Yazoo River Watershed, Mississippi	109,662,000	: 89,072,262
Total	\$695,992,182	: \$488,624,022
1/ Based on 1976 prices.	:	:

Distribution of Funds for Watershed Operations Authorized by PL-534, by Agency and Project

The following table shows obligations in 1976 and estimates for 1977 and 1978 for each of the operating watersheds (the Buffalo Creek Watershed in New York was completed in 1964).

Flood Prevention Projects	1976 Obligations	Brought Forward from 1976	1977 Appropriation (adjusted)	Estimated Obligations 1977	Budget Estimate 1978
SOIL CONSERVATION SERVICE					
Colorado (Middle), Texas	1,671,667	1,414,794	1,021,000	2,435,794	1,050,000
Coosa, Georgia, Tennessee	197,727	38,322	175,000	213,322	200,000
Little Sioux, Iowa	1,088,889	197,909	1,100,000	1,297,909	1,150,000
Little Tallahatchie, Mississippi .	989,226	285,075	1,148,000	1,433,075	1,498,000
Los Angeles, California	--	--	--	--	--
Potomac, Maryland, Pennsylvania, Virginia, West Virginia	1,385,438	3,662,437	2,903,000	6,565,437	2,554,000
Santa Ynez, California	9,074	1,225,426	100,000	1,325,426	100,000
Trinity, Texas	5,069,579	356,905	5,001,000	5,357,905	5,000,000
Washita, Oklahoma, Texas	5,013,523	990,512	4,399,000	5,389,512	4,454,000
Yazoo, Mississippi	4,346,815	3,053,620	5,191,000	8,244,620	5,200,000
Subtotal, flood prevention pro- jects, Soil Conservation					
Service	19,771,938	11,225,000	21,038,000	32,263,000	21,206,000
ECONOMIC RESEARCH SERVICE					
Works of improvement (evaluation studies of economic impact of project), ERS:					
Washita, Oklahoma, Texas	26,970	--	46,000	46,000	46,000
FOREST SERVICE					
Colorado (Middle), Texas	--	--	--	--	--
Coosa, Georgia, Tennessee	6,621	--	15,000	15,000	15,000
Little Sioux, Iowa	25,975	--	28,000	28,000	28,000
Little Tallahatchie, Mississippi .	345,918	--	365,000	365,000	365,000

Distribution of Funds for Watershed Operations Authorized by PL-534, by Agency and Project - (Continued)

Flood Prevention Projects	1976 Obligations	Brought Forward from 1976	1977 Appropriation (adjusted)	Estimated Obligations 1977	Budget Estimate 1978
		FOREST SERVICE			
Los Angeles, California	1,820,364	--	1,400,000	1,400,000	1,400,000
Potomac, Maryland, Pennsylvania, Virginia, West Virginia	265,293	--	217,000	217,000	217,000
Santa Ynez, California	744,423	--	660,000	660,000	660,000
Trinity, Texas	68,306	--	65,000	65,000	65,000
Washita, Oklahoma, Texas	58,030	--	81,000	81,000	81,000
Yazoo, Mississippi	1,293,935	--	1,465,000	1,465,000	1,469,000
Subtotal, flood prevention projects, Forest Service	4,628,865	--	4,296,000	4,296,000	4,300,000
		FARMERS HOME ADMINISTRATION			
Loan services for flood prevention projects, Farmers Home Adminis- tration	192,000	--	192,000	192,000	192,000
Total, flood prevention projects	24,619,733	11,225,000	25,572,000	36,797,000	25,744,000

Project Installations Providing Protection

The works of improvement installed in flood prevention projects are effective in reducing floodwater erosion, and sediment damages as evidenced by the following examples:

Little Sioux Watershed, Iowa

The Little Sioux Watershed consists of 1,740,800 acres in western Iowa. Sheet and gully erosion are severe problems. Gullies of 20 to 40 feet in depth are common and several gullies have developed to depths of 50 feet or more. The most productive areas of many farms in the uplands are being destroyed by gully erosion. Crops in the 200,000 acres of flood plain at the lower end of the watershed are frequently damaged by flooding. Channels of the complex and extensive drainage system are frequently choked up by deposits of sediment which originate in the uplands. Work plans have been completed on 88 of the 130 feasible subwatersheds. Construction has started on 87 subwatersheds and is completed on 82 of them.

Progress in Land Treatment - About 64 percent of the watershed is covered by cooperative agreements. Basic plans have been developed on 49 percent of the watershed. Over 27 million feet of terraces and 9,800 acres of grassed waterways have been installed. About 377,000 acres have been protected by contour farming.

Progress in Structural Measures - Over \$23 million in Federal funds have been obligated as of September 30, 1976. The following structural measures have been installed: 303 floodwater retarding structures; 676 grade stabilization structures; 72 miles of channel work; 585 acres of critical area planting; 16 miles of floodway; 18 miles of dikes; and 21 miles of diversions.

Flood Damage Reduction - On May 15, 1976, approximately 5" of rain covered portions of eastern Woodbury, western Ida, southern Cherokee, and northern Monona counties. Considerable sheet and rill erosion was noted on unprotected land. In some cases newly constructed terraces were overtopped and breached. No significant damage was observed or reported to the structural improvements in any of the subwatersheds.

Recreation - The first multi-purpose structure in the Little Sioux Flood Prevention Project was under construction in 1976. Site M-3 in the Crawford Creek Subwatershed, Ida County, will eventually provide a 63 acre floodwater retarding and recreational pool. A 250 acre county conservation board park is being developed around this pool. Considerable favorable interest has been created by this project in the community.

Forestry measures are installed through the Iowa Department of Conservation in cooperation with the Forest Service. During fiscal year 1976 forestry aspects were included in 63 educational programs presented mostly in outdoor classes to sixth grade classes in eight counties. A total of 114 woodland owners received assistance. Twenty-one of these assists were reconnaissances or cruises involving about 800 acres. Twenty-one acres of hardwoods were marked for commercial harvesting, most of which was black walnut. Eight acres were marked for timber stand improvement. Twenty-five acres were planted to hardwoods and conifers. Wildlife planting involved 22 acres. Interest in developing wildlife habitat continues to grow. One hundred and fifty-seven acres of forest lands were removed from destructive grazing. Nine acres of black walnut were harvested. Other assists included recreation planning, community and urban forestry, and forest insect and disease.

Yazoo River Watershed - Mississippi

This project consists of 4,012,440 acres, of which 227,975 acres are publicly owned. The estimated total cost is \$109,662,000 of which local interests will provide about 55 percent. Principal problems are needed for land treatment and critical area stabilization on severely eroded lands, land use adjustments, floodwater and sediment damage reduction on productive agricultural flood plain lands, and agricultural water management in flatland Delta watersheds. Work plans have been prepared on 54

subwatersheds, covering approximately 2.9 million acres with 31 projects completed.

Progress in Land Treatment - Of the 21,177 farmers in the watershed, 18,707 are cooperators. Measures have been planned on approximately 802,000 acres of cropland; 1,246,000 acres of woodland; and 500,000 acres of pasture. Basic conservation plans have been completed for 16,396 farmers, covering 2,836,766 acres. Major accomplishments are 565,307 acres of critical area treatment; 10,163 debris basins; 8,098,651 feet of diversion ditches, 19,453 farm ponds; 9,013 grade stabilization structures; 12,428 acres of irrigation land leveling; 100,486 acres of land smoothing; 20,872,537 feet of drainage mains and laterals; 521,900 acres of pasture and hayland planting; 5,620,410 feet of streambank protection; 2,638,157 feet of open channels; 14,155,940 feet of drainage field ditches and 421,722 acres of tree planting.

Progress in Structural Measures - To date, 243 floodwater retarding structures have been completed. Ninety-one large stabilization and sediment control structures have been completed, and 594 miles of stream channel work.

Effectiveness of Project Proved - Five subwatersheds in Carroll County, covering 250,000 acres, protect valuable Delta land in Carroll and Leflore Counties. These subwatersheds, Abiaca, Abotlapoota, Big Sand, Pelucia and Potacocowa - have already prevented \$3,900,000 in flood damages alone since installation first began in 1960.

Structural measures and land treatment are now about 80 percent complete and the results were evident in the way these projects reduced flood and sediment damage during a severe flood in March 1973.

One hundred twenty-one reservoirs of varying size hold back their storage capacity of 100,000 acre-feet of water, preventing floods that would have descended on Greenwood and the Delta areas of Carroll and Leflore Counties. Without the reservoirs, 177 square miles of Delta land would have been covered with one foot of water, in addition to the flooding which occurred. This ranged from a few inches to ten to twelve feet in extreme areas. All homes and businesses between Greenwood and the Bluff Hills, from Grenada County to Holmes County would have been flooded. As it was, half of the buildings in this thickly-populated area escaped.

Conservation work on the land also helped absorb the rainfall. Some 50,000 acres of critical area in Carroll County have been stabilized with pines and grasses and legumes. Sixty-two million pines have been planted on gullies, with cooperation from the U.S. Forest Service, and pastures have been improved on 21,000 acres. About 450 miles of roadbanks have been stabilized as a cooperative effort of the soil and water conservation district, Soil Conservation Service, U.S. Forest Service, Board of Supervisors and the Mississippi State Highway Department. In addition, 900 grade control structures and 1,800 desilting dams helped control sediment and erosion. As a result, there was practically no sediment damage as an aftermath of the March 1973 storm, and channels were better able to carry heavy water loads.

Many people who live in Greenwood have bought sites around the flood prevention reservoirs and built vacation homes. Over 55,000 people visit the sites annually to enjoy recreational benefits on 3,250 surface acres of water which represent a new resource created by the projects. Eighty percent of the lakes are open to the public, free of charge, and the remainder for a fee or by invitation.

Forestry measures is provided by the Forest Service. The Forest Service provides forestry assistance in both the Yazoo and the Little Tallhatchie watersheds concurrently. In FY 1976, 5,929 acres of trees were planted in treating critical areas and for rehabilitation of the highly erosive soils. Nine hundred and eighty seven forest management plans were prepared covering 33,491 acres, 24 miles of fire roads and trails were built, 305 acres of forest land were properly cut for harvesting, and 662 acres of timber stand improvement was accomplished. About 787 forest land-owners were assisted during this past fiscal year.



Through the PL 534 critical area treatment program, eroded land (above) is terraced, shaped, and seeded to protect the land from future erosion and safeguard land downstream from sediment damage.



Emergency Operations authorized by Section 216

When a fire, tornado, flood, earthquake, or other natural force suddenly impairs a watershed and a threat to the safety of life and property is created, local or state organizations may make requests for federal assistance to install emergency measures. An investigation is initiated to determine eligibility of the request and where eligible, to the extent that funds are available, the Department may authorize emergency measure work.

Section 216 of the Flood Control Act of 1950 authorizes an annual amount not to exceed \$300,000 be used for this purpose.

In recent years, there have been disasters of severe magnitude usually involving more than one state. Additional funds were provided for emergency assistance as follows:

<u>Fiscal Year</u>	<u>Supplemental Appropriation</u>	<u>Disaster Event</u>
1969	\$ 4,000,000	Forest fires in California, Nevada, and Washington, Oregon
1970	3,700,000	Hurricane Camille, Virginia
1973	16,500,000	Hurricane Agnes and Black Hills, South Dakota Flood
1973	20,000,000	Flooding in the Mississippi River Valley and adjacent areas
1974	22,500,000	Flooding in the Northwest, Northeast North Dakota, Mississippi River Valley and adjacent areas
1976	26,577,000	Heavy rains in the Middle Atlantic, North Central, North West areas and Mississippi River Valley
1976	38,759,000	Hurricane Eloise and other storms of major magnitude in many areas of the country.

Emergency assistance has been provided to a wide variety of geographic areas and situations. Six burned areas were treated in California, Nevada, Washington, and Oregon in 1969. Emergency measures included seeding 80,600 acres of burned area; stabilization treatment of 232 miles of roads, trails, and firelines; construction of one temporary debris basin; clearing debris from and vegetating five miles of exposed stream channel; fertilizing 13,861 acres of emergency seeding; rodent control on 4,656 acres, seeding brush on 352 acres; and deferring grazing on 11,575 acres.

Following Hurricane Camille, contracts were awarded to remove obstructions and to restore the capacity of impaired streams. In many situations the natural drainage pattern had been completely obliterated. In total, 561 miles of emergency stream-bank stabilization, and debris removal, was completed on 80 streams in Virginia. Other work included vegetating 3,300 acres of critical sediment producing areas which had been stripped of vegetation by the hurricane and the resulting floods.

Emergency work was widely scattered throughout the area damaged by Hurricane Agnes. Over 730 requests for emergency assistance were received by the Soil Conservation Service. More than 550 of the requests were serviced at an average cost of \$16,000 per emergency measure installation. Emergency assistance following Hurricane Agnes was carried out in New York, Pennsylvania, Maryland, and Virginia.

Major flooding on the Mississippi River Valley and adjacent areas in the spring of 1973, resulted in a supplemental appropriation of 20 million dollars. Nine states suffered damage. Flooding occurred on over 7.7 million acres and over 2.5 million acres of these were cropland. Emergency measures included repair to badly damaged dams and levees, debris removal from channels, repair and reseeding sediment producing areas, and conservation measures to retard gullyng, landslides, and sheet erosion on denuded areas.



Following severe flooding, many streambanks, unable to carry the destructive load of water, are stripped of protective cover and severely eroded, like the stream above located in New Mexico. If left unattended, erosion will continue. But it can be corrected through watershed emergency assistance like that applied to the Utah stream below.



Major flooding in the Northwest, Northeast, North Dakota, Mississippi River Valley and adjacent areas in 1974 resulted in 18 states requesting and receiving emergency assistance funding. The major measures include debris removal from streams, stream-bank stabilization and reseeding sediment producing areas. Approximately 80 percent of these funds were obligated by June 30, 1975.

The Forest Service used some of these funds to carry out emergency watershed treatment to protect life and property on National Forest and adjacent land.

Work following floods, tornadoes and fire was accomplished in Mississippi, Alabama, Kentucky, Georgia, Idaho, California, Oregon, Washington, and Arkansas on both National Forest and non-National Forest land.

Flood damage repair included stream bank stabilization, clearing of debris and sediment from clogged streams, land stabilization, road stabilization, reservoir repair and lake debris removal.

Work following fires included aerial seeding, contour trenching, fencing, debris basins and tree felling.

In 1976, requests totalling more than \$65,000,000 for emergency assistance were received. Of the total, requests for \$26,577,000 were known prior to passage of the 1976 Agriculture Appropriation Act, and this amount was included in the Bill. Subsequent to the passage of the Act, supplemental appropriations of \$26,432,000 and \$12,327,000 were approved and made available late in 1975 and early in 1976.

In FY 1976 about \$11.3 million was obligated for emergency assistance in 20 states. Emergency measures installed to safeguard life and property included: 200 grade stabilization structures, 60 acres of reshaping, 1,410 acres of revegetation, 15,900 feet of dike construction or repair, 369,000 feet of streambank stabilization and 1,641,000 feet of channel debris removal. Other work included aerial seeding, contour trenching, fencing and debris basins.

Small Watershed Operations Authorized by PL-566

Watershed plans involving an estimated federal contribution in excess of \$250,000 for construction, or construction of any single structure having a capacity in excess of 2,500 acre feet, require congressional committee approval. Other plans are approved administratively. After approval, technical and financial assistance can be provided for installation of works of improvement specified in the plans.

Project sponsors are provided assistance in installing planned land treatment measures when plans are approved. Surveys and investigations are made and detailed designs, specifications, and engineering cost estimates are prepared for construction of structural measures. Areas where sponsors need to obtain land rights, easements and rights-of-way are delineated. Technical assistance is also furnished to land owners and operators to accelerate planning and application of needed conservation on their individual units.

* The project enters construction when the first project agreement for construction of works of improvement is signed. Under a project agreement, the sponsoring local organization agrees to construct a single or an interrelated group of structures. The government and the sponsoring local organization agree to share the construction costs as specified in the work plan. Engineering and other assistance are provided for preparation of contracts and inspection of construction.

When the local organization does the contracting, payments are made to them as the work progresses in accordance with the terms of the project agreement. When the local organization requests the SCS to do the contracting for works of improvement, the SCS makes payments directly to the contractor as the work progresses. Payments include amounts financed from federal funds and contributions received from local organizations for their share of construction costs.

In fiscal year 1976, 33 projects were approved for operations which brought to 1,157 the total number of projects approved as of June 30, 1976. Of the 761 projects in operation in 1976, 130 were receiving preconstruction land treatment and engineering services and 463 were in construction at the end of the year. Seventeen of the latter were new construction starts in 1976. Twenty-nine projects were completed in 1976 which brought the total number completed to 425 as of June 30, 1976. Land treatment assistance was continued on 42 projects on which construction had been completed prior to 1976. Ninety-seven of the approved projects did not require federal funds during the fiscal year 1976 because of project inactivity.



Water runoff from melting snow is trapped in the PL 566 reservoir (upper center), protecting the cropland below from flood and erosion damage. Water in the reservoir is used to irrigate the fertile Utah cropland.

PL-566 Project Activity and Obligations

The following table shows the status of Public Law 566 projects by stage of assistance and amounts obligated or estimated to be obligated. Also shown are minor obligations for project evaluation studies, advances for future water supply, and balances remaining in the undistributed equipment account.

	1976 Estimate			TQ Estimate			1977 Estimate			1978 Estimate		
	Num-	Thou-	Dollars in:	Num-	Thou-	Dollars in:	Num-	Thou-	Dollars in:	Num-	Thou-	Dollars in:
	ber	sands		ber	sands		ber	sands		ber	sands	
1. Projects approved for operation and estimated cost of completion:												
(a) Uncompleted projects at beginning of year	728	896,492		732	1,013,403		759	1,084,734		759	1,217,826	
(b) Projects approved during year	33	58,992		28	50,054		30	53,629		35	62,567	
Total	761	955,484		760	1,063,457		789	1,138,363		794	1,280,393	
2. Status of projects and amounts obligated:												
(a) Projects inactive end of period	97	--		97	--		100	--		105	--	
(b) Projects receiving preconstruction land treatment and engineering services	130	4,549		153	1,339		170	5,949		200	6,999	
(c) Projects moved into construction stage during year	17	9,462		5	696		10	5,566		--	--	
(d) Prior year projects continuing construction and land treatment	446	101,143		462	29,139		437	117,601		417	100,626	
(e) Projects with construction completed continuing land treatment	42	1,848		42	462		42	1,848		42	1,848	
(f) Projects completed during year	29	2,393		1	21		30	2,475		30	2,475	
Total	761	119,395		760	31,657		789	133,439		794	111,948	

PL-566 Project Activity and Obligations-(continued)

	1976 Estimate			1977 Estimate			1978 Estimate		
	: Num- :ber	: Thou- :sands	: Dollars : in	: Num- :ber	: Thou- :sands	: Dollars : in	: Num- :ber	: Thou- :sands	: Dollars : in
3. Obligations not included above:									
(a) Advances for future water supply ...	--	250	52	--		250	--		250
(b) Project evaluation studies	--	350	26	--		350	--		350
(c) Undistributed equipment account	--	--	--	--		--	--		--
(d) Loan services	--	400	87	--		400	--		400
Total	761	120,395	760	789	31,822	134,439	794	112,948	
4. Uncompleted projects (cumulative) at end of year:									
(a) Obligations to date	732	897,845	759	759	928,500	1,040,939	764	1,128,541	
(b) Estimated cost of completion	732	1,013,403	759	759	1,084,734	1,217,826	764	1,413,322	
5. Projects completed (cumulative and total cost	425	292,505	426	456	293,507	314,507	486	338,507	
6. Total project approved (cumulative) and total cost	1,157	2,203,753	1,185	1,215	2,306,741	2,573,272	1,250	2,880,370	
7. Obligations (cumulative):									
Projects	--	1,190,350	--	--	1,222,007	1,355,446	--	1,467,048	
Other	--	7,515	--	--	7,680	8,680	--	9,686	
Total	--	1,197,865	--	--	1,229,687	1,364,126	--	1,476,728	

Obligations Related to PL-566 Watershed Projects

The following tabulation shows by state descriptive information concerning the extent of the program and rate of progress in obligating funds for the installation of works of improvement in PL-566 watersheds. There are 47 multi-state projects. Obligations and man-years are distributed between the states as applicable.

State	Number Projects Approved 6/30/76	Total Federal Obligations FY 1976	FY 1976 Federal Man-Year Input	Total Watershed Area Acres	Total Estimated Cost	Total Federal Estimated Cost	% Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/76	% Federal Cost Obligated as of 6/30/76
Alabama	30	\$3,145,121	43.4	1,905,462	\$ 85,742,151	\$ 50,464,880	58.8	\$ 28,977,690	57.4
Arizona	13	685,246	17.3	1,136,162	107,658,570	76,101,858	70.6	17,442,745	22.9
Arkansas	52	9,615,547	85.9	3,023,479	148,984,800	100,771,369	67.6	61,932,033	61.4
California	22	7,568,029	37.0	931,163	186,924,057	124,448,608	66.5	58,594,520	47.0
Colorado	17	1,010,449	14.8	999,377	34,582,185	23,043,707	66.6	13,144,475	57.0
Connecticut	8	935,888	9.1	139,650	38,815,829	22,439,764	57.8	18,334,392	81.7
Delaware	4	381,955	14.5	281,898	20,171,122	13,126,044	65.0	6,720,551	51.2
Florida	20	720,708	22.5	1,230,958	54,170,267	27,399,100	50.5	14,430,543	52.6
Georgia	61	4,109,540	105.3	3,839,244	146,514,979	92,399,758	63.0	49,855,778	53.9
Hawaii	6	353,678	4.9	282,710	28,853,215	15,053,624	52.1	10,327,601	68.6
Idaho	6	180,608	3.1	303,113	11,571,323	7,174,018	61.9	7,008,326	97.6
Illinois	20	3,354,343	34.3	991,824	99,241,960	52,916,085	53.3	20,878,232	39.4
Indiana	32	1,802,635	55.3	2,100,875	106,247,259	59,674,592	56.1	35,514,753	59.5
Iowa	44	4,415,439	52.7	816,661	65,814,513	47,294,268	71.8	30,542,210	64.5
Kansas	43	6,172,583	73.0	3,957,832	140,421,085	97,444,582	69.3	62,565,231	64.2
Kentucky	31	9,054,963	48.7	2,141,379	110,609,340	72,357,558	65.4	42,382,065	58.5
Louisiana	35	5,140,591	69.1	4,241,475	156,247,338	68,368,161	43.7	35,651,086	52.1
Maine	9	249,183	7.3	427,095	15,707,726	10,965,977	69.8	5,697,099	51.9
Maryland	17	634,398	32.9	275,719	28,807,350	15,632,482	54.2	15,519,390	99.2
Massachusetts	10	991,437	24.1	457,262	42,370,814	25,415,676	59.9	14,640,336	57.6
Michigan	19	351,756	17.0	708,640	38,001,687	18,778,899	49.4	8,807,690	46.9
Minnesota	16	715,893	11.9	1,194,579	23,380,854	11,887,189	50.8	8,176,878	68.7
Mississippi	49	3,639,878	84.3	3,587,840	156,367,006	101,687,153	65.0	42,849,506	42.1
Missouri	18	2,126,038	37.1	736,852	44,192,304	27,630,872	62.5	19,455,716	70.4
Montana	12	1,408,591	23.0	384,161	21,807,444	15,670,766	71.8	12,053,080	76.9
Nebraska	41	3,734,568	10.2	2,432,456	77,368,191	45,709,672	59.0	30,813,708	67.4
Nevada	5	--	22.2	388,142	6,442,261	3,950,336	61.3	2,646,250	66.9
New Hampshire	7	908,142	18.4	456,770	29,661,605	20,622,951	69.5	10,441,409	50.6

Obligations Related to PL-566 Watershed Projects-Continued

State	Number Projects Approved 6/30/76	Total Federal Obligations FY 1976	FY 1976 Federal Man-Year Input	Total Watershed Area Acres	Total Estimated Cost	Total Federal Estimated Cost	Federal Cost to Total Cost	Total Cumulative Federal Obligations 6/30/76	% Federal Cost Obligated as of 6/30/76
New Jersey	12	\$2,102,034	13.4	252,647	\$35,130,376	\$23,574,988	67.1	\$13,979,293	59.2
New Mexico	27	2,004,167	25.1	1,654,157	63,672,184	55,813,115	87.6	20,579,931	36.8
New York	13	1,660,784	31.3	663,103	40,789,583	32,986,229	80.8	19,935,192	60.4
North Carolina	45	2,429,698	40.4	1,979,657	106,198,558	58,892,191	55.4	24,911,715	42.3
North Dakota	18	866,219	16.1	2,518,418	41,114,624	27,015,761	65.7	15,814,721	58.5
Ohio	14	2,808,779	49.6	944,572	66,982,459	39,274,514	58.1	22,585,695	57.5
Oklahoma	60	7,071,643	98.5	5,973,821	224,480,620	137,930,196	61.4	89,924,943	65.1
Oregon	14	1,040,874	30.4	732,033	110,617,872	56,478,690	51.0	18,495,582	32.7
Pennsylvania	23	4,610,591	44.4	1,141,167	112,439,880	60,341,500	53.6	38,385,838	63.6
South Carolina	37	1,491,172	23.9	1,540,483	76,328,317	42,128,930	55.1	15,967,741	37.9
South Dakota	13	359,288	7.7	516,777	14,326,951	10,309,031	71.9	5,920,857	57.4
Tennessee	35	3,625,042	32.7	1,463,792	87,397,347	64,112,878	73.3	30,322,653	47.2
Texas	83	7,944,237	112.5	8,644,806	262,239,665	155,256,155	59.2	81,459,045	52.4
Utah	12	2,628,974	30.8	1,305,692	45,356,173	26,603,337	58.6	23,055,117	86.6
Vermont	4	103,547	4.1	62,927	6,100,701	4,526,526	74.1	3,007,649	66.4
Virginia	26	1,794,094	28.1	1,404,578	45,777,352	28,190,364	61.5	18,756,278	66.5
Washington	12	807,012	14.2	253,693	69,463,824	34,367,783	49.4	15,727,120	45.7
West Virginia	23	1,553,350	40.3	822,000	68,833,737	49,093,555	71.3	20,918,837	42.6
Wisconsin	24	1,163,008	23.0	1,148,558	39,924,890	31,992,206	80.1	18,038,479	56.3
Wyoming	12	137,063	2.3	578,136	10,554,134	6,569,314	62.2	5,694,700	86.6
Puerto Rico	3	151,864	4.9	252,002	16,855,552	9,865,473	58.5	2,120,878	21.4
Total Projects	1,157	\$119,760,647	1,653.0	73,225,797	\$3,571,262,034	\$2,203,752,685	61.7	\$1,191,005,557	54.0
Project Evaluation Studies									
Undistributed		182,792							
Equipment		168,862							
Advances for Future		(65,000)							
Water Supply									
Grand Total	1,157	120,047,301	1,653.0	73,225,797	3,571,262,034	2,203,752,685	61.7	1,191,005,557	54.0
Loan Services		348,000	23.3						
Total All	1,157	120,395,301	1,676.3	73,225,797	3,571,262,034	2,203,752,685	61.7	1,191,005,557	54.0

Project Installations Providing Benefits

The works of improvement installed in small watershed projects are effective in reducing floodwater erosion, and sediment damages and provide other benefits as evidenced by the following examples:

Flood Damage Reduction

Vermont - The 5,875 acre Jewell Brook Watershed Project was approved in March 1965 and completed in November 1975. The principal problems in the watershed were floodwater damage to residential, commercial, and industrial property, streets, roads, bridges, bedload movements and sediment deposits and a need for a public water based recreation facility.

Effect of Structures During Flooding Caused by Hurricane Belle: Severe flooding occurred in a wide area of the state centered around Ludlow on August 10, 1976, from Hurricane Belle, filling all four of the reservoirs nearly to the emergency spillway crests. Although the Black River did cause substantial damage in Ludlow, the existence of the Jewell Brook Watershed Project dams reduced the potential flood stage on Jewell Brook (tributary of Black River) by as much as eight feet, and averted a much more serious disaster. The damage along Jewell Brook itself in Ludlow was negligible.

Town of Ludlow Manager Dean R. Brown said, "Andover Street would have been demolished without the dams." They stored 380 million gallons of water during a two hour rainstorm that dropped five inches of water into Jewell Brook watershed.

The same dams proved the difference for Ludlow in the two floods that hit this area in June and July, 1973, when they were only three years old. There was no damage from Jewell Brook--an astounding fact to people who have watched the raging torrent in other times of high water.

It was estimated that without the four dams in the Jewell Brook watershed, water on Andover Street would have been eight feet deep. If allowed to spread out in the broader Black River Valley after it got to Ludlow Village, the water would have been nearly four feet deep in the middle of the village.

There was a flash flood on Jewell Brook in 1960 that left the town with \$240,000 damage to Jewell Brook channel and along its sides. That flood took out one conventional home, did thousands of dollars damage to a textile mill and tore out much of the road.

In the wake of the flood that accompanied the hurricane of 1938, Andover Street was a brookbed of huge boulders and houses ripped off their foundations with debris covering everything.

In addition to providing flood protection, structures provide recreation with a beach, picnic tables, bathhouse and play area as well as augmenting the municipal water supply.

Multiple Purpose Projects

Local sponsors of watershed projects continue to take full advantage of the broad opportunities offered under Public Law 566 to develop multiple-purpose projects. About 55 percent of the 1,157 projects approved for operation as of June 30, 1976, included structural measures with purposes other than flood prevention. The following are examples of three categories of multipurpose watersheds and the benefits being realized by the local people.

Water Management

Three hundred and fifty-nine watershed projects include structural measures for agricultural water management in addition to flood prevention features. Of these,

274 include drainage improvements on existing cropland and 88 include irrigation. The following examples show water management benefits derived under this program.

North Carolina - Operations began in the 7,000 acre Gum Neck Watershed in June 1962. The plan provides for watershed protection, flood prevention, and drainage.

Approximately 95 percent of the projected land treatment needs have been applied. All of the 93 agricultural units are cooperators and 79 have developed conservation plans. Completed structural measures consist of a pumping plant, 21 miles of dike, 17 miles of channel work and eleven flood gates.

Annual benefits exceed \$100,000. Homes, fields, and roads are no longer flooded. Landowners report gross farm income increased 30%. Net income on some farms has doubled and tripled. Acreage of truck crops is increasing. Salt water intrusion has stopped. Benefits during Hurricane Ginger in 1971 were estimated at \$100,000.

California - The 75,000 acre Buttonwillow Watershed was authorized in April 1969 and construction is expected to be completed by 1978.

Measures of conservation cropping and irrigation water management are planned for the 65,142 acres of cropland. There are 250 ownerships in the Water Storage District, and of this number 117 are cooperators in the project area. Fifty-seven of these have conservation plans. Forty-five miles of irrigation pipeline has been installed, and 31,000 acres of land has been levelled.

All of the planned works except for the Elk Hills Turnout Conveyance Facility and the Internal Improvements have been completed at a PL-566 cost of \$1,527,275. Construction during FY 1976 included the completion of the Kern River Diversion Structures at a cost of \$268,071.

Acquisition of land rights for the Elk Hills Turnout Headgate and the Cox and Mirasol Internal Improvements is well under way.

This year the Kern River flow has been 25% of normal. With the projects ability to use California Aqueduct Waters the District was able to double their available supply and meet about 30% of the demand. With the exception of 4,000 acres, landowners have been able to make up the deficiency by pumping from the underground water basin. The value of the lined canal and lake storage facilities built by the project has been demonstrated this year. Without them it is estimated that the available supply would be reduced by 25%.

In addition, the two lakes built in conjunction with the Lake Conveyance Structures have been developed into an attractive County Park.

Recreation

Plans for 243 small watershed projects approved as of June 30, 1976, include 252 developments to create or improve facilities for the enjoyment of outdoor recreation in addition to flood prevention and watershed protection.

Commitments for public recreation developments now total about \$175 million. About \$99 million will come from non-federal sources. Local sponsoring organizations are responsible for operating and maintaining the reservoirs and recreation areas. It is estimated the new recreation areas will attract 22 million visits a year for boating, fishing, swimming, picnicking, camping, and allied forms of recreation. This will have a favorable economic impact on nearby communities. Reservoirs to provide about 67,000 acres additional water surface for recreation will be located in 42 states.

The following example is typical of the recreational, fish and wildlife benefits being enjoyed by residents in PL-566 projects and surrounding areas.

West Virginia - The 3,680 acre Blakes Creek - Armour Creek Watershed Project was authorized on March 7, 1966 and completed on December 31, 1975. The principal

problems were floodwater damage to residential, commercial property, and utilities, and lack of water-oriented recreational opportunities.

Forty-eight percent of the landowners in the watershed, owning 42 percent of the land, are cooperators with the Capitol Soil Conservation District. To date, 782 acres of land treatment measures have been applied compared to the 70 acres called for in the work plan. About 43 percent of the land resources in the watershed are adequately protected from deterioration.

The multiple-purpose flood prevention and recreation dam plus the basic recreation facilities have all been installed. The structural measures are completed.

All but \$440 of the estimated annual average flood damage of \$40,700 has been eliminated.

The 28 acre pool and recreation facilities are estimated to provide 21,120 annual visitor days. In 1975 the second year after installation, the facilities were used by 17,500 visitors or 83 percent of capacity. Recreation benefits are estimated to be \$19,000 annually.

Total Benefits - Overall annual benefits are estimated to be \$72,100 with average annual costs of \$35,700 for a benefit-cost ratio of 2:1.

Municipal Water

As of June 30, 1976, local sponsors in 152 watersheds had included municipal water supply features in their watershed work plans in addition to flood prevention and watershed protection. An example of a project which includes additional storage capacity for municipal water supply follows:

Oklahoma - The 19,776 acre Fitzgerald and Soldier Creeks watershed project was approved for installation of land treatment and structural measures in April 1969. The principal watershed problems were floodwater and sediment damage to agricultural lands and the need for additional water supply for the town of Langston.

About 78 percent of the planned land treatment measures have been applied and 86 percent of the land is adequately treated.

Site 3M which furnishes municipal water to Langston University and the town of Langston, also serves as a badly needed water based recreation area. In November 1974 with the soil completely saturated above the structure a four inch rain fell in six hours. Local residents estimate that severe flooding would have occurred if it had not been for Structure 3M. Damaging floods were also prevented in May 1975 when another high intensive storm occurred.

Forestry Assistance

Virginia - The Pohick Creek Watershed Project, consisting of 22,960 acres of land in urbanizing Fairfax County, has now been in operation for almost six years.

Urban development has accelerated within the watershed during 1976 as a direct result of the lifting of the building moratorium, invoked three and one half years ago because of a lack of adequate sewage treatment facilities to accommodate development. Expanded treatment facilities will now provide increased sewage treatment capacity for the Pohick Creek Watershed area. The lifting of the building moratorium has caused an increase of land rezoning applications and a large portion of the forester's time has been spent in providing Woodland Conservation Reports to the County Planning Staff and County Planning Commission for rezoning case evaluation. Thirty rezoning cases were processed with the examination of 2,463 acres of woodland. Woodland Conservation Reports include recommendations for preserving natural stands of trees for greenbelts, the leaving of buffer strips of trees for noise abatement and air pollution control, and suggestions for environmental tree plantings for soil erosion and stream sedimentation control on critical areas.

Tree planting on open land and critical slope sites for soil erosion control and environmental benefits is still difficult to accomplish on the project but continued progress is being made. Planting is most often accomplished under very adverse conditions often necessitating the seeding of grasses for immediate site stabilization or heavy mulching prior to or in conjunction with tree planting. Thus each project requires careful planning and coordination to secure the establishment and survival of the trees. During the past year planting site examinations were made on nine properties covering 22 acres of land. Tree planting was accomplished on 12 projects covering 22 acres of open land of which 13 acres were classified as critical slope sites. A total of 18,000 tree seedlings were planted on the watershed.

Most tree planting projects are carried out by members of homeowners associations after development is complete. The Newington Station project carried out this past spring is a good example. The forester was contacted by the grounds superintendent, concerning the stabilization of critical slope sites within the development. The forester made a field examination of the area taking slide pictures of the sites to be planted and developed a planting plan report for the proposed project. At the March meeting of the homeowners association, the forester presented a program on urban watershed management showing the film "Land is not a Product." At the same time, he presented his report of the proposed planting project with a slide talk presentation on the sites to be planted, how to plant trees and the assistance available from the Virginia Division of Forestry for the project. On March 20th approximately 80 people planted trees on six sites setting out 2,500 trees in about three hours time. Additional sites will be planted next year.

As a result of recommendations made in the Woodland Conservation Report for Rezoning Case C-661, Edward R. Carr, Developer, marketing assistance was requested by the developer and provided by the forester when a 20 acre site was prepared for home development. Approximately 225,000 board feet of material, pine and hardwoods, was marketed from the site during land clearing operations at an average stumpage price of \$50 per thousand board feet. Marketing this timber salvaged material which probably would have been cut and pit burned in the land clearing operation. It also provided an income to the developer and lowered land clearing costs and pit burning costs. With the increase in rezoning applications and the acceleration of the rate of development within the watershed, the need for marketing assistance by developers and the opportunity to provide marketing assistance should also increase.

Acceleration of Soil Surveys and Conservation Planning in Watershed and Flood Prevention Projects

Watershed and Flood Prevention Operations funds are used to accelerate soil surveys, conservation planning, and installation of conservation land treatment measures in PL-534 subwatersheds and PL-566 watershed projects as specified in project work plans. This acceleration of technical assistance is provided to help meet project objectives within the agreed upon installation period.

The following table shows the acres of soil surveys and the number and acres of conservation farm and ranch plans prepared in the 1976 fiscal year with Watershed and Flood Prevention Operations funds and estimates for 1977 and 1978.

	1976	1977	1978
Item	Actual	Estimate	Estimate
Soil surveys (acres mapped)	935,543	1,110,000	1,200,000
Conservation plans prepared:			
Number	3,112	3,200	3,100
Acres	631,918	656,000	650,000



Upstream floods, like this in Idaho, are the most damaging in the nation and result in high losses to land, roads, and buildings.

Near Waco, Texas, the PL 566 watershed dam (below center) traps peak storm runoff and safely discharges it over a long period, thereby protecting the fertile land and roads.



The following table shows the acres of soil surveys and the number of conservation plans prepared cumulative through June 30, 1976, in Watershed and Flood Prevention projects in operation or completed by June 30, 1976.

Item	Watershed and Flood Prevention Operations funds	Other Funds	Grand Total in Projects
Soil surveys (acres mapped) ...	23,489,049	49,830,865	73,319,914
Total number cooperators	*	*	311,850
Conservation plans prepared:			
Number	91,081	178,305	269,386
Acres	17,245,259	40,642,610	57,887,869

* Not available by fund.

Works of Improvement Installed in Watershed and Flood Prevention Projects

The following table shows the works of improvement installed in Watershed and Flood Prevention projects in fiscal year 1976 and cumulative accomplishments in these watersheds under all programs as of June 30, 1976, with technical and financial assistance provided by the Soil Conservation Service and the Forest Service.

	:	:	Installed in 1976	:	Est. Practices
	:	:	With Assistance Under	:	"On the Land" in
Works of Improvement	:	Unit	Watershed and	:	Active Projects
	:	:	Flood Prev. Opera.	:	Programs : as of 6/30/76

SOIL CONSERVATION SERVICE

Structural Measures:

Dam, Multipurpose	No.	10	11	431
Dam, Multipurpose	Ac.Ft.	73,159	880	1,135,946
Debris Basin	No.	207	85	16,860
Dike	Miles	7	3	561
Floodwater Retarding Structures	No.	187	5	5,362
Floodwater Retarding Structures	Ac.Ft.	197,242	--	4,029,001
Floodway	Feet	27,314	62,490	968,474

Land Treatment Measures:

Irrigation System, Drip	No.	--	15	85
Irrigation System, Drip	Acres	--	396	1,916
Irrigation System, Sprinkler	No.	76	74	6,277
Irrigation System, Sprinkler	Acres	10,059	7,150	374,677
Irrigation System, Surface and Subsurface	No.	81	228	8,697
Irrigation System, Surface and Subsurface	Acres	9,576	20,632	956,980
Irrigation System, Tailwater Recovery	No.	4	57	555
Irrigation Water Management	Acres	70,216	58,043	1,144,861
Land Smoothing	Acres	4,039	15,523	699,282
Livestock Exclusion	Acres	12,072	5,306	1,131,214
Minimum Tillage	Acres	67,858	106,678	2,360,681
Mulching	Acres	2,132	1,310	82,197
Pasture and Hayland Planting	Acres	96,237	186,834	9,242,141
Pasture and Hayland Management	Acres	427,784	706,633	9,764,865
Pipeline	Miles	5	49	1,362

	:	:	Installed in 1976	:	Est. Practices
	:	:	With Assistance Under	:	"On the Land" in
Works of Improvement (cont'd)	: Unit	: Watershed and	: Other	:	Active Projects
	:	: Flood Prev. Opera.:	: Programs	:	as of 6/30/76
Planned Grazing Systems	Acres	99,302	106,643		1,521,716
Pond	No.	246	3,249		250,575
Prescribed Burning	Acres	2,049	4,200		323,693
Proper Grazing Use	Acres	733,788	1,599,284		13,059,758
Pumping Plant for Water Control	No.	37	52		4,844
Range Seeding	Acres	1,403	15,719		1,267,626
Recreation Area Improvement	Acres	1,468	3,402		91,095
Recreation Land Grading and Shaping	Acres	899	135		72,224
Recreation Trail and Walkway	Miles	7	3		646
Spring Development	No.	-- 21	87		5,368
Stock Trails and Walkways	Feet	--	1,733		357,817
Streambank Protection	Miles	108	1		2,549
Stripcropping	Acres	2,832	4,114		425,827
Structures for Water Control	No.	743	2,676		129,293
Subsurface Drain	Miles	368	887		44,310
Terrace, Basin	Miles	6	7		1,479
Terrace, Gradient	Miles	35	1,147		118,063
Terrace, Level	Miles	7	281		27,214
Terrace, Parallel	Miles	86	699		11,527
(Total, Terraces)	Miles	(134)	(2,134)		(158,283)
Toxic Salt Reduction	Acres	988	1,380		105,529
Tree Planting	Acres	7,577	16,524		1,795,095
Trough or Tank	No.	34	318		30,482
Waterspreading	Acres	108	--		2,520
Well	No.	74	234		29,837
Wildlife Upland Habitat Management	Acres	280,767	660,107		6,251,919
Structural Measures:					
Grade Stabilization Structures	No.	1,633	1,037		33,630
Open channel	Miles	203	13		3,757
Stream Channel Stabilization	Miles	6	1		88
Land Treatment Measures:					
Access Road	Miles	136	47		3,382
Agricultural Waste Mgmt. Systems	No.	9	37		270
Agricultural Storage Facility	No.	3	20		160
Bedding	Acres	33	196		182,812
Brush Management	Acres	111,004	141,306		5,992,494
Chiseling and Subsoiling	Acres	24,230	47,307		960,865
Clearing and Snagging	Miles	44	79		1,224
Commercial Fish Ponds	Acres	120	734		24,879
Conservation Cropping System	Acres	561,661	1,011,451		17,202,562
Contour Farming	Acres	107,371	286,564		5,582,740
Critical Area Planting	Acres	20,058	15,947		1,143,151
Crop Residue Management	Acres	520,106	1,003,124		16,287,820
Dam, Diversion	No.	7	4		1,533
Deferred Grazing	Acres	193,993	419,828		5,300,860
Disposal Lagoon	No.	6	58		713
Diversion	Miles	137	202		15,240

	:	Installed in 1976	:	Est. Practices
	:	With Assistance Under	:	"On the Land" in
Works of Improvement (cont'd)	Unit	Watershed and	Other	Active Projects
	:	Flood Prev. Opera.:	Programs	as of 6/30/76
Drainage Field Ditches	Miles	78	232	20,689
Drainage Land Grading	Acres	566	1,145	54,123
Drainage Main or Lateral	Miles	185	308	24,459
Farmstead and Foodlot				
Windbreak	Acres	1,528	255	46,595
Fencing	Miles	133	242	59,323
Field Border	Miles	16	32	2,800
Field Windbreak	Miles	11	57	4,153
Firebreak	Miles	49	50	3,091
Fish Raceway	Feet	230	660	11,890
Fishpond Management	No.	2,141	3,719	110,179
Fish Stream Improvement	Feet	102,009	390	249,940
Floodwater Diversion	Feet	3,205	--	390,603
Grassed Waterway or Outlet	Acres	2,872	10,038	252,497
Grazing Land Mechanical				
Treatment	Acres	--	--	32,477
Heavy Use Area Protection	Acres	306	194	19,602
Hedgerow Planting	Miles	3	4	1,147
Hillside Ditch	Miles	--	--	10
Holding Ponds and Tanks	No.	73	42	538
Irrigation Canal or				
Lateral	Miles	--	1	1,437
Irrigation Ditch and				
Canal Lining	Miles	12	32	1,843
Irrigation Field Ditch	Miles	9	8	3,272
Irrigation Land Leveling	Acres	2,108	8,497	564,850
Irrigation Pipeline	Miles	73	123	3,135
Irrigation Pit or Regula-				
ting Reservoir	No.	6	48	1,567
Irrigation Storage				
Reservoir	No.	--	1	1,581
Irrig. Storage Reservoir	Acres	--	14	94,438
Land Treatment Measures:				
Wildlife Watering Facility	No.	4	10	3,038
Woodland Direct Seeding	Acres	40	79	14,453
Woodland Improved				
Harvesting	Acres	24,335	50,073	2,507,415
Woodland Improvement	Acres	6,588	7,501	1,344,207
Woodland Pruning	Acres	148	1,028	13,788
Woodland Site Preparation	Acres	5,292	5,164	576,957
Land adequately treated	Acres	723,054	1,050,137	126,241
Land adequately protected	Acres	--	--	53,211,061

FOREST SERVICE

Structural Measures:

Access Road Construction	Miles	1	--	74
Channel Improvement	Miles	--	--	14
Channel Stabilization	Miles	8	--	71
Diversion Ditches	Lin.Ft.	--	--	4,558
Floodwater Retarding				
Structures	No.	1	--	3
Grade Stabilization				
Structures	No.	4	--	929
Streambank Stabilization	Miles	11	--	11

	:	:	Installed in 1976	:	Est. Practices
	:	:	With Assistance Under	:	"On the Land" in
Works of Improvement (cont'd):	Unit	:	Watershed and	:	Other
	:	:	Flood Prev. Opera.:	:	Programs
	:	:	:	:	as of 6/30/76
<u>Land Treatment Measures:</u>					
Channel Improvement	Miles	--	--		7
Channel Stabilization	Miles	--	--		12
Contour Terrace and Furrows	Miles	214	--		560
Area Treated	Acres	--	--		14,334
Gully Control and Stabili- zation	Miles	23	--		188
Grade Stabilization Structures	No.	3	--		2,880
Critical Area Stabilization by Tree Planting and Other Measures	Acres	32,916	--		368,578
Fire Hazard Reduction	Acres	90			1,525
Forest Road and Roadbank Stabilization	Miles	316	--		3,186
Acres Treated	Acres	68	--		22,775
Fire; Roads, Trails and Firebreaks	Miles	166	--		4,799
Fire Control Water Develop- ments	No.	3	--		211
Fire Towers	No.	--	--		54
Intensified Fire Protection	Acres	6,597	--		2,251,060
Heliports and Helispots	No.	9	--		489
Mobile Fire Equipment	No.	--	--		176
Other Fire Control Im- provements	No.	10	--		655
Radio Installations	No.	4	--		364
Forest Watershed Management Plans Prepared	No.	3,693	--		28,242
Area Included	Acres	181,958	--		3,751,278
Forest Stand Improvement	Acres	314	--		1,737,455
Proper Harvest Cutting	Acres	21,134	--		790,467
Range and Grass Seeding	Acres	1,210	--		45,750
Tree Planting and Seeding	Acres	10,018	--		699,179
Revegetation, Surface mined Areas	Acres	238	--		8,092
Woodland Thinning and Release	Acres	20,689	--		1,095,381
Woodland Grazing Control	Acres	7,355	--		462,671
Recreation Area Devel- opment	Acres	116	--		28,808
Wildlife Habitat Devel- opment	Acres	1,388	--		19,744
Wildlife Ponds	No.	--	--		42
Woodland Owners Assisted	No.	1,922	--		66,472

Loan Programs

Under Public Law 83-566, as amended, loans are made to local organizations for financing the local share of the cost of installing, repairing or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved watershed works of improvement and flood prevention projects. The Farmers Home Administration has been assigned responsibility for making these loans to sponsors of such projects approved for operations. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for works of improvement. Public Law 94-419, approved August 30, 1972, provided for making such loans on an insured basis under the Agricultural Credit Insurance Fund.

These loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity. The rate for the 1977 fiscal year is 5.683 percent. For any single plan for works of improvement, the amount of the loan may not exceed \$5 million.

(Dollars in Thousands)						
Explanation	1976 Actual		1977 Estimate		1978 Estimate	
	No.	Amount	No.	Amount	No.	Amount
1. Applications on hand at beginning of year	58	\$16,038	70	\$53,200	67	\$78,800
2. Applications received during year	<u>16</u>	<u>37,940</u>	<u>41</u>	<u>49,000</u>	<u>45</u>	<u>55,000</u>
3. Total applications for consideration during year	74	53,978	111	102,200	112	133,800
4. Loans obligated during year	3	778 ^{1/}	44	23,400	41	23,400
5. Applications pending at end of year	70	53,200	67	78,800	71	110,400
6. Loans obligated end of year	403	115,528	447	161,550	488	184,950
<u>1/</u> Obligations not adjusted for prior year loan cancellations.						

Applications for loans received by the Farmers Home Administration have varied greatly in amount. The applications now pending average about \$760,000 each. Most applications have included requests for funds to purchase land easements or rights-of-way and pay legal fees and organization costs. The larger loan requests have also included funds to pay the local organizations share of the installation costs of drainage channels, municipal water storage, irrigation works, recreational facilities, natural beauty, and other multiple-purpose improvements.

Great Plains Conservation Program

Appropriation Act, 1977	\$21,379,000
Budget Estimate, 1978	5,499,000
Decrease in Appropriation	<u>-15,880,000</u>

Adjustments in 1977

Appropriation Act, 1977	\$21,379,000	
1977 Supplemental Appropriation for pay costs	260,000	
Adjusted base 1978		21,639,000
Budget estimate, 1978		5,499,000
Decrease over adjusted 1977		<u>-16,140,000</u>

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1977</u>	<u>Increase or Decrease</u>	<u>1978 Estimate</u>
1. Great plains conservation program:			
(a) Cost-sharing assistance	\$15,265,000	\$-15,265,000	\$ --
(b) Cost-sharing programming and contract administration	2,559,000	-788,000	1,771,000
(c) Technical assistance	3,462,000	-152,000	3,310,000
GSA space rental costs	93,000	+26,000	119,000
Annualization of the pay cost increase effective in FY 1977	260,000	+4,000	264,000
Working Capital Fund services	(208,000)	+18,000	18,000
Operating support costs	--	+17,000	17,000
Total available	<u>21,639,000</u>	<u>-16,140,000</u>	<u>5,499,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>1976</u>	<u>1977 (estimated)</u>	<u>Increase or Decrease</u>	<u>1978 (estimated)</u>
1. Great plains conservation program:				
(a) Cost-sharing assistance..	16,258,573	15,265,000	-15,265,000	--
(b) Cost-share programming .. and contract adminis- tration	2,601,181	2,708,000	-759,000	1,949,000
(c) Technical assistance	3,519,246	3,666,000	-116,000	3,550,000
Total available or estimate	<u>22,379,000</u>	<u>21,639,000</u>	<u>-16,140,000 (1)</u>	<u>5,499,000</u>
Proposed supplemental for pay increase costs	--	-260,000		
Total, appropriation	<u>22,379,000</u>	<u>21,379,000</u>		

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1976</u>	<u>1977 (estimated)</u>	<u>Increase or Decrease</u>	<u>1978 (estimated)</u>
Direct obligations:				
1. Great plains conservation program:				
(a) Cost-sharing assistance....	\$16,258,573	\$15,256,000	\$-15,265,000	\$ --
(b) Cost-share programming and contract administration..	2,621,628	3,003,000	-1,054,000	1,949,000
(c) Technical assistance.....	3,546,909	4,064,316	-514,316	3,550,000
Total direct obligations.....	<u>22,427,110</u>	<u>22,332,316</u>	<u>-16,833,316 (1)</u>	<u>5,499,000</u>
Unobligated balance brought forward	-316,873	-693,316	+693,316	--
Unobligated balance carried forward	268,763	--	--	--
Adjusted appropriation.....	<u>22,379,000</u>	<u>21,639,000</u>	<u>-16,140,000</u>	<u>5,499,000</u>

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Reimbursable obligations:				
1. Great plains conservation program:				
(c) Technical assistance.....	\$ 12,428	\$ 15,000	\$ --	\$ 15,000
Reimbursable obligations	12,428	15,000	--	15,000
Obligational authority	22,439,538	22,347,316	-16,833,316	5,514,000

SOURCES OF REIMBURSEMENTS

Non-federal.....	12,428	15,000	--	15,000
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OUTLAYS

1. Great plains conservation program:				
(a) Cost-sharing assistance ..	12,532,222	13,563,000	-1,527,000	12,036,000
(b) Cost-share programming and contract administration.	2,654,748	3,035,000	-727,000	2,308,000
(c) Technical assistance.....	3,591,718	4,104,000	-110,000	3,994,000
Total outlays.....	18,778,688	20,702,000	-2,364,000	18,338,000

EXPLANATION OF PROGRAM

Authorization: The appropriation "Great Plains Conservation Program" funds Soil Conservation Service activities authorized under Section 16(b) of the Soil Conservation and Domestic Act (PL 74-46) as amended by PL 84-1021. PL 91-118 amends PL 84-1021 to extend the Great Plains cost-share contracting authority to December 31, 1981.

Authorization limits: The appropriations of \$300,000,000 are authorized for cost-sharing. Cost-sharing payment in any one program year may not exceed \$25,000,000. Through September 30, 1976, \$172,746,452 have been paid out in cost-shares. The most paid out in cost-share in any one year was \$12,532,222 in FY 1976.

This program is in addition to other USDA soil and water conservation programs in the counties designated for participation and is coordinated with programs and objectives of locally managed conservation districts, state agencies, and community groups.

Potential Workload:

Estimated acreage in the 469 designated counties that could come under Great Plains contracts.....	180,000,000 Acres
Acres included in cost-share contracts as of June 30, 1976...	94,377,200 Acres
Estimated acreage that could come under Great Plains contracts.....	85,622,800 Acres

Current Workload:

Land under contract June 30, 1976	94,377,200 Acres
Land on which program activities were complete June 30, 1976	60,776,459 Acres
Land under active contracts June 30, 1976	33,600,741 Acres

Due to changes in technology, land ownership, life span of practices, and some practice failures, second contracts are needed on an estimated 10,000 expired contracts and approximately 20 million acres. Authority for states to approve second contracts became policy on October 1, 1976. (Field cost estimate per second contract is \$7,000.00). No actual records available at this time.

The purpose of the program is to assist farmers and ranchers in planning and applying resource management systems on their farms and ranches to prevent or reduce the effects of the climatic hazards of the area. Benefits to be achieved are protection and improvement of soil, water, plant, and wildlife resources through reduction of

erosion and sedimentation, abatement of agriculture-related pollution, and thereby help stable the local economy. Activities include:

- Cost-sharing assistance - Payments are made to program participants for a share of the cost of installing eligible conservation practices scheduled in contracts.
- Cost-share programming and contract administration - Soil Conservation Service provides assistance in developing contracts, which include schedules of conservation measures to be applied, and administers contracts.
- Technical assistance - Soil Conservation Service provides assistance to help farmers and ranchers plan and install scheduled conservation measures according to standards and specifications.

<u>Program results</u>		<u>FY 1976 Actual</u>	<u>FY 1977 Estimate</u>	<u>FY 1978 Estimate</u>
Number of contract applications received	Annual	2,411	2,500	-4,950 ^{a/}
	Cumulative	56,236	59,282	54,332
Number of applications awaiting contracts at end of year		4,458	4,950	-0- ^{b/}
Number of applications awaiting contracts (acres in 1,000)		11,517	12,558	-0- ^{b/}
Number of contracts signed	Annual	2,077	2,035	-0-
	Cumulative	51,778	54,332	54,332
Signed contracts (acres in 1,000) ..	Annual	4,170	4,290	-0- ^{a/}
	Cumulative	94,377	99,761	99,761
Number of contracts completed and termination	Annual	2,629	2,500	2,500
	Cumulative	37,010	39,659	42,159
Number of active contracts at end of year		14,768	14,673	12,173
Number of technical services rendered		105,624	104,000	96,000

^{a/} 4,950 applications on hand for GPCP assistance will not be processed in FY 1978 and no new contracts for FY 1978 will be signed due to elimination of funds for new cost-share contracts.

^{b/} Additional applications for GPCP assistance would not be accepted in FY 1978.

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease in appropriation of \$16,140,000 for Great Plains Conservation Program consisting of: (on the basis of available funds there is a decrease of \$16,833,316).

(a) A decrease of \$15,265,000 due to elimination of funds for new cost-share contracts.

(b) A decrease of \$788,000 for cost-share programming and contract administration funds relating to the elimination of funds for new cost-share contracts.

(c) A decrease of \$152,000 for technical assistance related to elimination of funds for new cost-share contracts.

Need for Decrease: Funds for new contracts and the corresponding cost-share programming and contract administration work are proposed to be eliminated. The Department plans to propose new cost-sharing Legislation designed to replace several cost-share programs currently in effect.

JUSTIFICATION OF INCREASES AND DECREASES

- (d) An increase of \$26,000 for space rental costs pursuant to PL 92-313.
- (e) An increase of \$4,000 for annualization of pay increases effective in FY 1977.
- (f) An increase of \$18,000 for Working Capital Fund services.
- (g) An increase of \$17,000 primarily for field office operating support costs such as utilities, local duplicating and copy services, and reception-secretarial services needed to improve program delivery to the public.

STATUS OF PROGRAM

Current Activities: The Great Plains Conservation Program is authorized by Public Law 84-1021. This authority terminates on December 31, 1981. Total appropriations of \$300,000,000 are authorized for cost-sharing. Cost-sharing payments in any program year may not exceed \$25,000,000.

This program provides assistance, under long-term contracts, to land users in designated counties of the 10 Great Plains States. It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of the unique Plains area, which is plagued with recurring drought and wind erosion problems. Installation of complete conservation treatment and management systems on farms and ranches in the area helps improve and stabilize the individual enterprise and consequently the local economy and contributes to total environmental improvement through reduction of wind and water erosion and abatement of agriculture related pollution.

Counties Designated and Program Participation by State

Determination of a county's eligibility for participation in the program is based on conservation needs and interests of local people. The physical factors for consideration include susceptibility of the land to serious wind erosion, and the need for changes in land use, cropping systems, and grassland management. The responsibility for determining local interest in the program rests with the State Program Committee.

As of June 30, 1976, 469 counties had been designated for participation in the Great Plains Conservation Program. At the end of FY 1976, the number of designated counties, status of active contracts, cost-sharing payments in 1976 and the distribution of obligations and man-years by state was:

State	Designated Counties	Active Contracts 6/30/76		FY 1976		
		Number	Acres	Cost-sharing Payments	Total Obligations	Man- Yrs.
Colorado	37	1,308	2,766,310	\$1,506,787	\$2,695,185	30
District of Columbia	--	--	--	--	384,694	10 ^{1/}
Kansas	62	1,679	1,051,096	1,377,182	2,147,725	32
Montana	39	639	7,328,513	566,846	1,230,480	19
Nebraska	61	1,605	2,544,905	980,050	1,859,350	30
New Mexico	19	421	3,797,507	653,760	997,976	13
North Dakota	38	2,048	3,293,335	807,752	1,164,321	26
Oklahoma	30	2,483	1,460,705	1,346,200	2,264,377	36
Oregon	--	--	--	--	17,016	1 ^{1/}
South Dakota	47	1,629	3,720,331	984,071	1,717,403	24
Texas	123	2,462	3,956,348	3,780,543	6,737,640	92
Wyoming	13	494	3,683,932	529,031	1,129,370	14
Subtotal SCS	469	14,768		12,532,222	22,345,537	327
Allocation to ASCS	--	--		--	94,000	2
Total GPCP	469	14,768	33,602,982	12,532,222	22,439,537	329

^{1/} District of Columbia amounts represent the Washington, D. C. headquarters; the Oregon amount represents the Technical Service Center in Portland, Oregon that provides technical guidance to the Western Great Plains states.

Assistance Furnished by the Department

Assistance furnished under this appropriation to participating farmers and ranchers in the 10 Great Plains States consists of the following:

1. Cost-shares for installation of permanent conservation practices scheduled under long-term contracts. Cost-share payments vary from 30 to 80 percent of the average costs incurred by program participants for installation of eligible conservation practices. Financial assistance enables cooperators to install conservation practices in the proper sequence as scheduled in their contracts.
2. Technical services of soil and range conservationists, engineers, and other agricultural specialists are provided to help install sound conservation programs adapted to each farm or ranch. These services include:
 - (a) Cost-share programming and contract administration. Technical assistance for processing applications for program participation; development of costs, determining cost-share obligations, preparing contracts, and contract administration to ensure that contract provisions are met. Contracts are based on conservation plans of operations which outline resource management systems by land use.
 - (b) Technical assistance to help install planned treatment measures. Farmers and ranchers contract to complete their plans of operation as scheduled. Assistance in practice installation is provided when needed for site selection, topographic surveys, detailed designs, practice layout, and certification. Technical assistance is also furnished to help cooperators perform required noncost-shared management features such as planned grazing systems, irrigation water management, and crop residue management on cultivated land.

Program Assignments

The Soil Conservation Service has responsibility for administration of the Great Plains Conservation Program. State and county program committees participate in program development and coordination of activities. The Agricultural Stabilization and Conservation Service certifies that cost-share payments are not duplicates of payments made under programs administered by it and searches the indebtedness register to determine whether cost-share payments should be set-off against amounts due the Federal Government.

The following table shows funds obligated under the Great Plains Conservation Program in 1976 by agency and estimates for 1977 and 1978 on the basis of available funds:

Item and Agency	1976 Obligation	1977 Estimate	1978 Estimate
Cost-share contracts:			
Soil Conservation Service.....	\$16,258,573	\$15,265,000	\$ --
Cost-share programming and contract administration:			
Soil Conservation Service.....	2,527,628	2,905,000	1,865,000
Agricultural Stabilization and Conservation Service 12X3300	94,000	98,000	84,000
Subtotal.....	2,621,628	3,003,000	1,949,000
Technical assistance:			
Soil Conservation Service.....	3,546,909	4,064,316	3,550,000
Total direct obligations.....	\$22,427,110	\$22,332,316	\$5,499,000

Technical Assistance Workload

Installation services are committed for contracted practices each year of the contract. Technical assistance is made available to help install practices scheduled for installation by local staffs at each field office. In 1976 about 329 man-years were used for technical services. Technical time averages less than one man-year per eligible county.

Selected Examples of Recent Progress:

Aiding Rural Development

This program has helped stabilize many farm and ranch enterprises within the ten state area. Well planned and applied conservation systems protect the natural resource base and permit development of resources for sustained increased production.

Changes in Land Use Needed

Special emphasis is placed on helping land owners and operators make needed land use changes. Much land in the Great Plains area is suited to production of cultivated crops when needed conservation measures are properly applied. There is, however, land now in cultivation that is not suited to such use because of soil type, topography, and low rainfall.

Program participants are converting much of the land unsuited for cultivation to permanent vegetative cover. As of June 30, 1976, a total of almost 3 million acres of cropland was scheduled for conversion to grassland and other uses, representing 21 percent of all cropland under contract.

Performance Data

Farms and ranches under contract in FY 1976 average 2,006 acres. During FY 1976 the average obligation per contract was \$7,827. The \$12,532,222 disbursed for cost-sharing during FY 1976 represents approximately 70% of the total cost of installing cost-shared conservation practices. Cooperators pay 100% of the installation cost of non cost-shared practices included in the contract. As of June 30, 1976, 94,377,200 acres have been included in cost-share contracts.

Thirty-three soil and water conservation practices are eligible for cost-sharing under the Great Plains Conservation Program. The amount of cost-shared practices applied and cost-shares paid in FY 1976 and cumulative at the end of FY 1976 were:

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		FY	Cumulative	FY	Cumulative
		1976	6/30/76	1976	6/30/76
<u>Initial Application</u>					
Establish permanent vegetative cover	Acres	95,592	2,429,381	\$1,360,980	\$21,808,793
Establish field/wind strip-cropping	Acres	24,188	958,486	48,896	1,298,371
Establish contour strip-cropping	Acres	8,543	169,163	74,239	771,352
Establish contour farming	Acres	--	4,981	--	4,469
Re-establishing grasslands.....	Acres	107,041	1,945,975	1,937,923	20,884,421
Establishment of trees and shrubs	Acres	2,682	41,766	208,123	2,506,545
Establish permanent waterways.....	Acres	3,319	45,643	581,201	5,316,803
Terraces	Miles	3,812	81,195	1,813,430	21,589,561
Diversions	Miles	240	5,181	233,630	2,901,388

Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		FY	Cumulative	FY	Cumulative
		1976	6/30/76	1976	6/30/76
Initial Application					
Grassland mechanical treatment	Acres	6,016	368,776	\$ 13,171	\$ 433,770
Dams for erosion control detention	Number	448	2,616	374,256	5,329,030
Grade stabilization structures	Number	345	4,628	201,450	1,380,145
Streambank protection, etc.	L. Ft.	6,716	278,544	20,988	324,809
Diversion dams and spreader ditches	Acres	3,554	136,131	228,336	2,967,730
Reorganizing irrigation systems	Number	2,887	7,655	249,027	7,190,581
Irrigation land leveling ..	Acres	cr.6,838	209,568	111,674	6,657,521
Dams, pits, or ponds for irrigation	Number	13	760	13,539	650,634
Lining irrigation ditches, canals, etc.	L. Ft.	16,854	1,862,141	19,024	1,625,398
Wells	Number	782	21,816	621,978	11,787,622
Developing springs and seeps	Number	100	2,978	40,185	591,459
Constructing dams, pits, or ponds	Number	1,283	28,204	751,373	13,703,523
Pipelines	Miles	712	9,044	1,101,346	10,423,946
Controlling competitive shrubs	Acres	158,641	5,376,083	651,322	14,785,287
Fences	Miles	993	17,239	849,680	6,871,808
Critical area treatment ...	Acres	2,860	12,302	260,151	1,048,005
Irrigation tailwater recovery system	Number	42	151	31,790	94,248
Disposal lagoons	Number	3	51	1,440	53,083
Recreation land grading and shaping	Acres	--	4	--	170
Water storage facilities ..	Number	1,170	80,099	422,534	1,862,721
Catchment basins	Number	--	5	--	24,552
Shallow water areas	Number	4	68	1,507	41,610
Holding ponds and tanks ...	Number	23	82	29,002	125,517
Wheatgrass barriers	L. Ft.	327,360	555,034	288	941
Reapplication					
Establish perm. vegetative cover	Acres	8,543	160,618	108,301	1,307,260
Establish field/wind strip-cropping	Acres	--	246	--	320
Contour stripcropping	Acres	--	61	--	394
Re-establishing grasslands	Acres	4,948	90,507	75,188	927,408
Establishment of trees or shrubs	Acres	174	3,268	12,422	131,456
Establish permanent waterways	Acres	345	4,061	29,804	152,131
Terraces	Miles	80	1,045	24,794	196,420
Diversions	Miles	--	12	252	4,729
Grassland mechanical treatment	Acres	--	220	--	220
Dams for erosion control detention	Number	1	44	1,141	30,575

Practices Applied and Cost-Shares Paid

Great Plains Practices	Unit	Extent Applied		Cost-Shares Paid	
		FY 1976	Cumulative 6/30/76	FY 1976	Cumulative 6/30/76
<u>Reapplication</u>					
Grade stabilization					
structures	Number	2	18	\$ 1,986	\$ 7,385
Streambank protection, etc.	L. Ft.	898	1,961	4,902	16,559
Diversion dams and					
spreader ditches	Acres	38	3,735	559	30,730
Reorganizing irrigation					
systems	Number	--	5	--	5,255
Irrigation land leveling ..	Acres	--	585	--	11,615
Dams, pits, or ponds for					
irrigation	Number	--	6	--	2,410
Lining irrigation ditches,					
canals, etc.	L. Ft.	--	217	--	163
Wells	Number	4	71	2,094	33,501
Developing springs and					
seeps	Number	--	7	--	1,560
Constructing dams, pits					
or ponds	Number	5	87	1,638	34,735
Pipelines	Miles	3	9	3,899	9,718
Controlling competitive					
shrubs	Acres	2,045	59,937	3,769	111,687
Fences	Miles	--	--	40	290
Critical area treatment ...	Acres	217	789	8,950	30,820
Wheatgrass barriers	L. Ft.	--	--	--	67
TOTAL	XXXX	XXXX	XXXX	\$12,532,222	\$168,103,221

Note: The total amount of cost-shares paid by primary purpose is:

	FY 1976	Cumulative 6/30/76
Wind and water erosion protection	\$12,436,530	\$167,694,443
Fish, wildlife, and recreation uses	63,817	227,818
Economic use of land	2,177	19,573
Agricultural-related pollution	29,698	161,387

WIND EROSION CONDITIONS IN THE GREAT PLAINS
For the 1975-76 Wind Erosion Season

Wind erosion reports were submitted from 352 counties in which wind erosion was prevalent during the 1975-76 season.

Land Damaged

The land damaged, cumulative for the period November 1, 1975, to May 31, 1976, totaled 6,165,335 acres. Of the total land reported damaged, 91.3% (5,627,407 acres) was cropland, 6.4% (397,556 acres) rangeland, and 2.3% (140,372 acres) other land. The Northern Plains States reported 33.1% of the land damaged (2,038,076 acres), and the Southern Plains States reported 66.9% (4,127,259 acres). Texas reported the most land damaged (1,572,079 acres or 25.5% of the total), and Wyoming reported the least (26,030 acres) for this period.



SCS district conservationist checks wind erosion damage on farm in Gaines County, Texas, following the 1975-76 wind erosion season. Throughout the Great Plains states, more than six million acres of land were damaged, highest since the drought of the mid 1950's.



The stubble mulched field (right) traps snow while the fallow field (left) is practically bare. Stubble mulching, the conservation practice of leaving crop residue on the soil surface, holds the snow that will replenish soil moisture for next year's crop.



Drought and wind erosion causes problems on over six million acres of the 10 Great Plains states.



In addition to its damaging effect on agricultural land, dust storms, like this in South Dakota, reduce visibility and create hazardous driving conditions.

Acres of Land Damaged

Great Plains States		Land Damaged			Total Land Damaged	
	Rpts.	Cropland	Rangeland	Other Land	5-31-76	5-31-75
	No.	Acres	Acres	Acres	Acres	Acres
Northern:						
Montana	20	830,254	68,550	4,650	903,454	455,175
Nebraska	34	208,032	118,386	21,925	348,343	138,150
North Dakota	53	296,100	500	100	296,700	1,490,500
South Dakota	57	460,042	560	2,947	463,549	229,340
Wyoming	7	18,250	6,400	1,380	26,030	24,400
Subtotal	171	1,812,678	194,396	31,002	2,038,076	2,337,565
Southern						
Colorado	37	635,220	86,850	17,680	739,750	1,457,320
Kansas	47	899,528	1,560	6,200	907,288	121,440
New Mexico	7	262,250	20,350	5,675	288,275	128,520
Oklahoma	22	577,932	27,520	14,415	619,867	240,025
Texas	68	1,439,799	66,880	65,400	1,572,079	1,399,434
Subtotal	181	3,814,729	203,160	109,370	4,127,259	3,346,739
Grand Total	352	5,627,407	397,556	140,372	6,165,335	5,684,304

Crops or Cover Destroyed on Land Not Damaged

Crops or cover was destroyed on 2,177,297 acres of land. Cover was destroyed on 1,886,518 acres a year ago. Of this total, 93% (2,033,082 acres) was reported by the Southern Great Plains States.

Land Not Damaged Due to Emergency Tillage

Emergency tillage was reported in every state. A total of 2,514,690 acres was so threatened. Texas reported 39.6% (996,315 acres) of the total emergency tillage. The Southern Great Plains States reported 86.7% of the emergency tillage.

Selected Examples of Program Accomplishments

"I believe wind and water erosion on this place is as near zero as it's possible to make it."

That comment comes from one of the first signers of a Great Plains Conservation Program (GPCP) contract, Berthold Sackman of Streeter, North Dakota. Sackman and his wife Shirley signed one of the first three GPCP contracts on December 19, 1957.

The Sackmans entered into the GPCP contract soon after buying their 1,280-acre farm.

With technical assistance and cost sharing provided, they corrected poor grazing distribution on the farm. During their 3-year contract, they put in six stockwater ponds and 2 miles of crossfencing to rotate pastures and distribute grazing. They planted a 10-row farmstead windbreak to protect their home and livestock. "We've never destroyed a single soil-saving project that we cost shared," Sackman says.

They decided to reseed the cropland shortly after they bought it - the soil survey showed most of the land was better suited to grassland agriculture.

The Sackmans, cooperators with the Stutsman County Soil Conservation District, long ago lost their "status" as the only GPCP signers in the county. To date, 150 farmers there have signed up with the program and are carrying out improvements on their land.

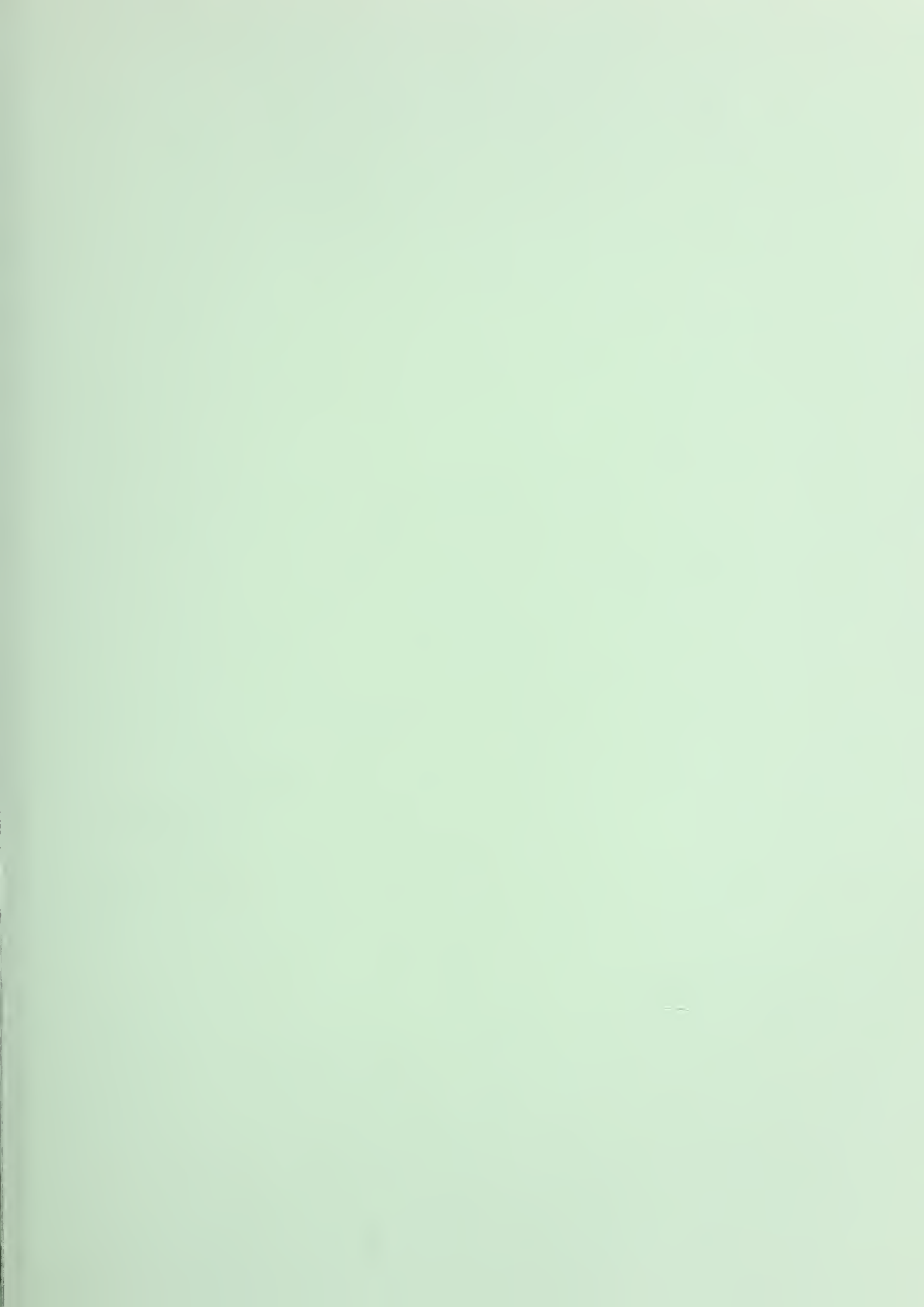
"My biggest concern is to turn marginal cropland back to grass," stated Verle Brady as he signed the 50,000th Great Plains contract in Freedon, Oklahoma, on March 27, 1976. The Brady's plan includes planting more than 50 acres of cropland to grass, constructing 2,000 linear feet of diversion terraces, and instituting management practices. "The land to be planted to grass is poorly suited to cultivation", Brady said, "and the change will reduce erosion and eliminate the uneconomical part of the farm operation." The Brady contract is one of 2,483 active contracts in Oklahoma.

Twenty years ago the late Chet Reeve's 4,905-acre sand-hill ranch in the southwest corner of Finney County was typical of those operations in the Kansas Great Plains that needed some extra help beyond the ingenuity and resources of the operators.

On January 8, 1958, the Finney County rancher-stockman signed the first Kansas contract under the program. The contract called for a four-year program of range seeding and range improvements to make his drouthy sand-hill acreage more profitable and to better protect the soil from wind erosion.

The agreement called for reseeding 1,990 acres of range the first year, and 1,450 acres each of the next two years. Two hundred rods of fencing were to be installed the fourth year. The agreement prohibited grazing until the end of the growing season in the year after seeding. Also specified was proper grazing of grassland not yet reseeded.

The ranch, now owned by the Reeve Cattle Company, has continued to be productive through the years, through wet years and dry. Some of it has been planted to corn under sprinkler irrigation, a common practice in the sand hills of Finney County.



Resource Conservation and Development

Appropriation Act, 1977	\$29,972,000
Budget Estimate, 1978	23,283,000
Decrease in Appropriation	-6,689,000

Adjustments in 1977:

Appropriation Act, 1977	\$29,972,000
1977 Supplemental Appropriation for pay costs	707,000
Adjusted base for 1978	30,679,000
Budget estimate, 1978	23,283,000
Decrease over adjusted 1977	-7,396,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	<u>1977</u>	<u>Increase or Decrease</u>	<u>1978 Estimate</u>
1. Resource conservation and development:			
(a) Area planning assistance	\$ 2,706,000	\$ +148,000	\$ 2,854,000
(b) Technical assistance	16,411,000	-5,754,000	10,657,000
(c) Financial assistance	11,000,000	-2,000,000	9,000,000
(d) Loan services	207,000	- -	207,000
GSA space rental costs	355,000	+105,000	460,000
Working Capital Fund services	(291,000)	+38,000	38,000
Operating support costs	- -	+67,000	67,000
Total available	<u>30,679,000</u>	<u>-7,396,000</u>	<u>23,283,000</u>

PROJECT STATEMENT
(On basis of adjusted appropriation)

<u>Project</u>	<u>1976</u>	<u>1977 (estimated)</u>	<u>Increase or Decrease</u>	<u>1978 (estimated)</u>
1. Resource conservation and Development:				
(a) Area planning assistance ..	\$ 2,633,000	\$ 2,735,000	\$ +157,000	\$ 2,892,000
(b) Technical assistance	16,840,000	16,737,000	-5,553,000	11,184,000
(c) Financial assistance	10,300,000	11,000,000	-2,000,000	9,000,000
(d) Loan services	199,000	207,000	- -	207,000
Total available or estimate	<u>29,972,000</u>	<u>30,679,000</u>	<u>-7,396,000</u>	<u>23,283,000</u>
Proposed Supplemental for pay increase costs	- -	-707,000		
Total, appropriation	<u>29,972,000</u>	<u>29,972,000</u>		

PROJECT STATEMENT
(On basis of available funds)

<u>Project</u>	<u>1976</u>	<u>1977 (estimated)</u>	<u>Increase or Decrease</u>	<u>1978 (estimated)</u>
Direct obligations:				
1. Resource conservation and development:				
(a) Area planning assistance ..	\$ 1,889,018	\$ 2,735,000	\$ +157,000	\$ 2,892,000
(b) Technical assistance	15,705,034	16,978,715	-5,794,715	11,184,000
(c) Financial assistance	12,284,848	11,200,000	-2,200,000	9,000,000
(d) Loan services	199,000	207,000	- -	207,000
Total direct obligations	<u>30,077,900</u>	<u>31,120,715</u>	<u>-7,837,715</u>	<u>23,283,000</u>
Unobligated balance brought forward	(-1,136,869)	(-441,715)	+441,715	(- -)
Unobligated balance carried forward	(+1,030,969)	(- -)	(- -)	(- -)
Adjusted appropriation	<u>(29,972,000)</u>	<u>(30,679,000)</u>	<u>(-7,396,000)</u>	<u>(23,283,000)</u>

Project	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Reimbursable obligations:				
1. Resource conservation and development:				
(a) Area planning assistance ..	2,645	- -	- -	- -
(b) Technical assistance	52,722	120,000	- -	120,000
(c) Financial assistance	354,795	879,000	+1,000	880,000
Reimbursable obligations	410,162	999,000	+1,000	1,000,000
Obligational authority	30,488,062	32,119,715	-7,836,715	24,283,000

SOURCES OF REIMBURSEMENTS

	1976	1977 (estimated)	Increase or Decrease	1978 (estimated)
Within USDA:				
Other federal agencies:				
Bureau of Reclamation	- -	35,000	- -	35,000
Corps of Engineers	7,100	35,000	- -	35,000
Non-federal:				
RC&D project sponsors	354,795	879,000	+1,000	880,000
Other	48,267	50,000	- -	50,000
Total reimbursements	410,162	999,000	+1,000	1,000,000

OUTLAYS

1. Resource conservation and development:				
(a) Area planning assistance ..	1,934,306	2,639,000	+246,000	2,885,000
(b) Technical assistance	15,453,723	16,479,000	-5,063,000	11,416,000
(c) Financial assistance	9,410,496	12,082,000	+714,000	12,796,000
(d) Loan services	199,000	207,000	- -	207,000
Total outlays	26,997,525	31,407,000	-4,103,000	27,304,000

EXPLANATION OF PROGRAM

The appropriation "Resource Conservation and Development" of the Soil Conservation Service funds the activities authorized under Section 32(e) of Title III of the Bankhead-Jones Farm Tenant Act (Public Law 75-210) as amended and the Soil Conservation and Domestic Allotment Act of April 27, 1935, (Public Law 74-46) as amended. Program assistance provided authorized Resource Conservation and Development areas is area planning assistance, technical assistance, financial assistance and loan services.

Area Planning Assistance: Staff assistance is provided to local sponsors in the preparation of RC&D area plans for the conservation, development and utilization of the natural resources in the RC&D area.

Technical Assistance: Staff assistance is provided to local sponsors in the implementation of their RC&D area plans. This includes:

- Assistance in developing plans, designs, layout and installation of measures eligible for RC&D financial assistance.
- Assistance to sponsors to achieve activities and measures contained in the RC&D plans which are ineligible for RC&D financial assistance.
- Assistance with inventories and studies of a project measure or area-wide scale that directly aids sponsors in achieving their RC&D objectives.

Financial Assistance: Financial assistance is provided to eligible sponsors to install approved measures. Major eligible purposes are: erosion and sediment control (critical area treatment), flood prevention, farm irrigation, land drainage, soil and water management for control of agricultural-related pollutants, public water-based recreation developments and public water-based fish and wildlife developments.

Main Workload Factors

	1976 Actual	TQ Estimate	1977 Estimate	1978 Estimate
<u>RC&D areas authorized for assistance:</u>				
RC&D areas authorized - start				
of year	158	168	168	178
New areas authorized during year ..	10	- -	10	- -
RC&D areas authorized - end of year	168	168	178	178
Counties included	(1,117)	(1,124)	(1,193)	(1,193)
Sponsoring units of government	(2,911)	(2,936)	(3,083)	(3,083)
Unserviced applications on hand ...	60	62	67	80
<u>RC&D planning and technical assistance:</u>				
RC&D areas receiving assistance -				
start of year	158	168	168	168
New authorizations during year	+10	- -	+10	- -
Terminations during year	- -	- -	-10	-18
RC&D areas receiving assistance -				
end of year <u>1/</u>	168	168	168	150
<u>RC&D financial assistance:</u>				
Authorized RC&D areas receiving				
financial assistance <u>1/</u>	168	168	178	178
Obligations for financial				
assistance during year	\$12,284,848	\$3,213,823	\$11,200,000	\$ 9,000,000
Measures unfunded - end of year -				
number	810	835	965	1,015
Measures unfunded - end of year -				
amount	\$64,800,000	\$66,800,000	\$86,900,000	\$100,100,000
<u>Associated measures (no financial</u>				
<u> assistance)</u>				
Number completed during year	1,534	410	1,650	1,550

1/ Financial assistance and loan services will remain available to sponsors of all authorized RC&D areas even though planning and technical assistance is terminated in some to maintain an annual level of 150 RC&D areas. Planning and technical assistance must be obtained by the sponsors from their own resources or from on-going USDA programs.

Loan Services Assistance: Funds are provided the Farmers Home Administration to service loans made to sponsors from the Agricultural Credit Insurance Fund. Loan services must be provided from Resource Conservation and Development funds because the agricultural credit insurance fund of the FmHA is not available for such expenses. The workload consists of servicing 355 loans which will be made by the end of the 1978 fiscal year and loan counseling to help local sponsors arrange funding necessary to implement planned financial assistance measures.

Item	1976 Actual	TQ Estimate	1977 Estimate	1978 Estimate
Status of loans obligated:				
Loans made, current fiscal year ..	14	11	40	39
Loans made, cumulative	275	286	326	355
Obligations for loan services, current fiscal year	\$199,000	\$50,000	\$207,000	\$207,000
FmHA loan authorization limit	\$3,600,000	\$900,000	\$3,600,000	\$3,600,000
Obligations for loans, cumulative ..	\$23,821,883	\$25,285,869	\$28,800,000	\$32,400,000

JUSTIFICATION OF INCREASES AND DECREASES

(1) A decrease of \$7,396,000 for Resource Conservation and Development consisting of: (on the basis of available funds there is a decrease of \$7,837,715)

(a) A decrease of \$7,606,000 to reduce program level of technical and financial assistance.

Need for Decrease: The FY 1978 budget provides for no new RC&D project planning authorizations. Since 1974, RC&D project authorizations have increased from 113 to 168 or almost 50 percent. Future program direction will provide fewer, but more beneficial authorized RC&D projects.

(b) An increase of \$105,000 for GSA space rental costs pursuant to PL 92-313.

(c) An increase of \$38,000 for Working Capital Fund services.

(d) An increase of \$67,000 primarily for field office operating support costs such as utilities, local duplicating and copy services, and reception-secretarial services needed to improve program delivery to the public.

STATUS OF PROGRAM

Current Activities: The Resource Conservation and Development Program was initiated in February 1964 under authority of Section 102 of the Food and Agriculture Act of 1962 (P.L. 87-703) and other existing Departmental authorities. Program assistance is provided to RC&D areas, which are organized and sponsored by units of state and local government. RC&D sponsors initiate and direct a continuing planning process, develop and maintain an overall RC&D plan for the area and install planned measures.

Agencies of the Department of Agriculture provide planning, technical, financial and loan assistance to local sponsors under the program leadership of the Soil Conservation Service. Sponsors also seek the assistance of local, state, and federal agencies which can contribute to the initiation and installation of needed measures.

There are three major objectives of the RC&D Program:

1. To develop and improve the capability of local governments and nonprofit organizations serving rural areas to:
 - develop a planning and decision making process and record the decisions in an RC&D area plan;
 - obtain full utilization of natural resources through orderly development and improvement;
 - conserve natural resources and provide for continuing wise and sustained use; and thereby achieve better employment opportunities, improved levels of economic activity and the enhancement of the environment.
2. To establish or improve the coordination system used in rural communities within RC&D areas to:
 - fully utilize available federal, state and local programs and applicable new programs to achieve sponsors' objectives;
 - develop priorities for activities that will result in the maximum conservation, economic and social benefit to the area;
 - carry out erosion control, flood prevention, recreation and other such activities in the RC&D area plan in keeping with state and local plans.
3. To assist sponsors in implementing the short and long range conservation programs of sponsoring soil conservation districts and conservation plans developed by other sponsoring units of government by use of technical and financial assistance provided through the RC&D Program.

Types of Assistance Furnished by the Department

Assistance provided within an RC&D area are: (1) area planning assistance, (2) technical assistance, (3) financial assistance, and (4) loan services.

1. Area planning assistance: Assistance was being provided to 168 authorized RC&D areas as of June 30, 1976. Land, water and related natural resources are studied by the sponsors and the cooperating federal, state, and local agencies and organizations in each area. These studies identify problems, needs and the importance and availability of resources in the RC&D area. Local goals and objectives are redefined as studies are completed and from alternatives for action, the sponsors record the actions and develop the RC&D plan or revise an existing plan. This process of evaluation and redefinition of goals and developing the plan of action is repeated each year in each area to obtain improvements in rural communities.

Coordination and cooperation is essential in the planning process. The USDA, through the Soil Conservation Service, provides an RC&D coordinator with support staff to assist sponsors in coordinating activities to achieve the goals and actions recorded in the RC&D plan.

The importance of coordination is necessary since the average RC&D area has 17 sponsors including six county governments, seven soil and water conservation districts, two cities, and two others. This group of sponsors organize by having each sponsor designate a representative to serve on the RC&D council. The council, with assistance from the RC&D coordinator and other agency representatives, carry out the coordinating function to make effective use of all financial and manpower resources available in the area.

RC&D area planning focuses on natural resource programs through its local citizen leadership and participation. The planning process leads to an enhancement of the environment; an orderly approach to land use change; reduction of flooding and drainage problems; development of recreation facilities; improvements in scenic and historic attractions; the development of local industry and the generation of other rural community developments.

2. Technical assistance: In 1976 fiscal year, 1,797 RC&D measures benefiting 3,500 communities were completed. These measures are made up of a variety of activities adopted and carried out under the leadership of the RC&D council with assistance from federal, state and local cooperating agencies and organizations to accomplish the goals and actions established in the RC&D area plan. The Soil Conservation Service and other cooperating USDA agencies provided technical assistance on about 700 of the total 1,797 measures. This technical assistance included providing soils information, farm market analysis and wood utilization studies to the detailed planning and contracting of multi-structural flood prevention measures and complex public water-based recreation facilities. The assistance on the remaining 1,100 measures was provided through the RC&D coordinator and consisted of identifying sources of assistance, determining probable impacts and advising RC&D sponsors on actions to be taken.
3. Financial assistance: There were 263 measures installed with financial assistance in fiscal year 1976, bringing the total to 1,191 measures completed. Financial assistance is provided by the Soil Conservation Service for eligible measures. Financial assistance is provided for critical area treatment (erosion and sediment control), flood prevention, farm irrigation, land drainage, agricultural related pollutant control, public water-based recreation, fish and wildlife developments and water quality management measures.

It is estimated that over 500 communities benefited from RC&D financially assisted measures in fiscal year 1976.

4. Loan assistance: The Farmers Home Administration authorized 14 loans in fiscal year 1976, for a total of about \$1,800,000. These loans were made to local sponsors to carry out RC&D measures. Approximately 260 outstanding loans were serviced in fiscal year 1976 in addition to the new loans.

Program Assignments

Administrative leadership for this program is assigned to the Soil Conservation Service. USDA area planning assistance is provided primarily by the Soil Conservation Service and Forest Service. Technical assistance for implementing the RC&D plan is provided primarily by the Soil Conservation Service and the Forest Service. Arrangements have been made for the Cooperative Extension Service in selected RC&D areas to provide educational assistance to meet sponsors' needs through the use of RC&D funds. The Farmers Home Administration is responsible for the loan provisions of the program. The Economic Research Service aids in evaluating activities having impact in more than one RC&D area and in the evaluation of applications and RC&D plans. In addition, other agencies of the Department provide assistance in accordance with their Departmentally assigned functions.

Other federal agencies provide assistance to RC&D sponsors in accordance with their regularly assigned functions. State and local units of government and their agencies participate within the limits of their interests and authority. Thus, RC&D activities are broader than those created by assistance from this Department alone. An indication of the level of participation by USDA agencies follows:

Funds obligated in 1976 and estimates of projected available funds and direct man-years by Agency for the Transition Quarter, FY 1977, and FY 1978 follows:

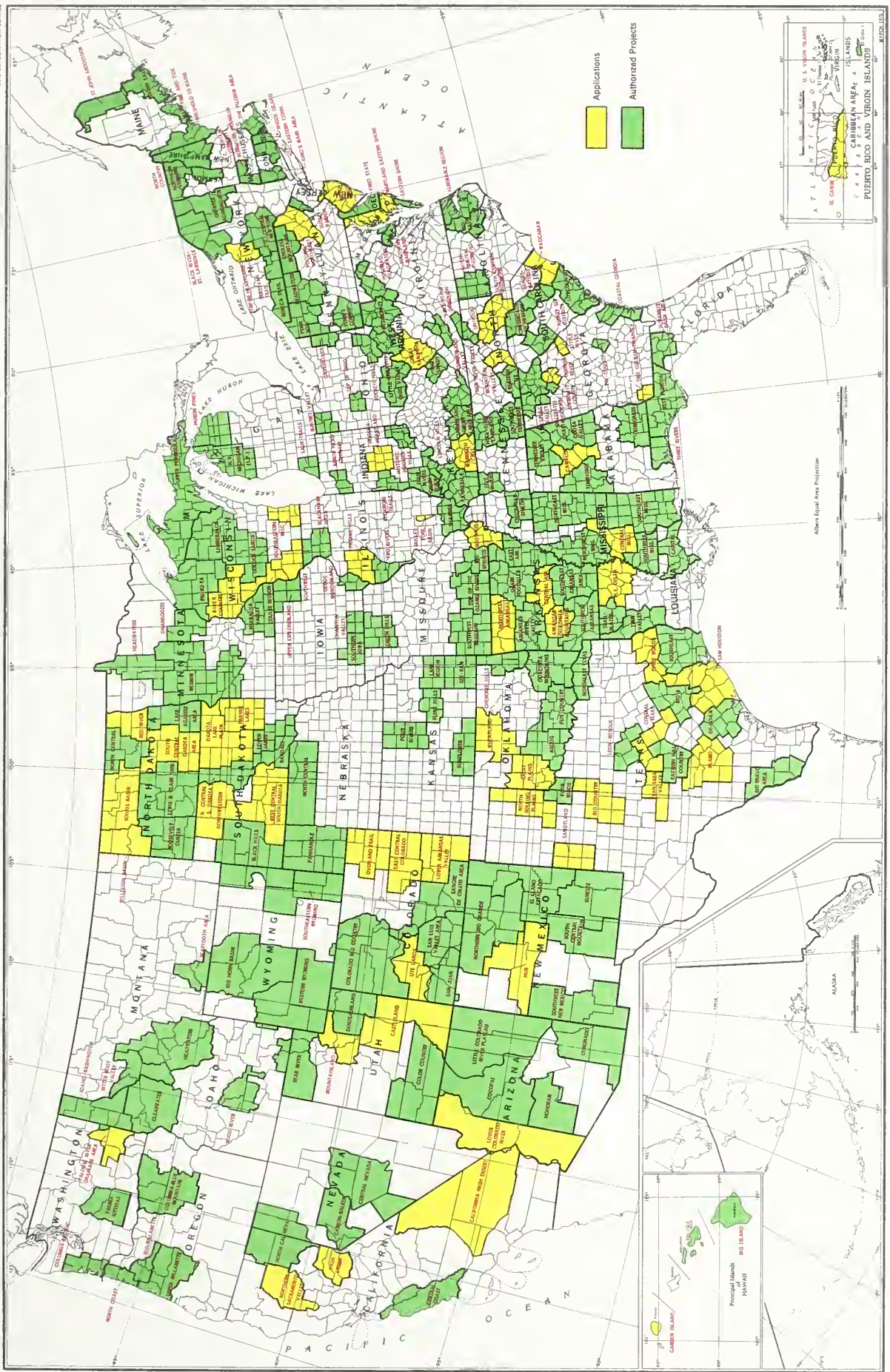
	Project Planning		Technical Assistance		Financial Assistance Obligations	Loan Services		Total	
	Obligations	Man-Years	Obligations	Man-Years		Obligations	Man-Years	Obligations	Man-Years
1976 Actual:									
SCS	\$1,859,207	73	\$14,645,032	654	\$12,284,848	\$ - -	- -	\$28,789,087	727
ERS	7,799	- -	103,614	5	- -	- -	- -	111,413	5
ES	- -	- -	229,320	- -	- -	- -	- -	229,320	- -
FmHA	- -	- -	- -	- -	- -	199,000	12	199,000	12
FS	22,012	- -	727,068	4	- -	- -	- -	749,080	4
Total	\$1,889,018	73	\$15,705,034	663	\$12,284,848	\$199,000	12	\$30,077,900	748
TQ Estimate:									
SCS	328,432	13	4,214,080	177	3,213,823	- -	- -	7,756,335	190
ERS	3,370	- -	31,133	1	- -	- -	- -	34,503	1
ES	- -	- -	60,000	- -	- -	- -	- -	60,000	- -
FmHA	- -	- -	- -	- -	- -	50,000	3	50,000	3
FS	- -	- -	181,416	1	- -	- -	- -	181,416	1
Total	331,802	13	4,486,629	179	3,213,823	50,000	3	8,082,254	195
1977 Estimate:									
SCS	2,700,000	124	15,830,715	603	11,200,000	- -	- -	29,730,715	727
ERS	10,000	- -	137,000	5	- -	- -	- -	147,000	5
ES	- -	- -	240,000	- -	- -	- -	- -	240,000	- -
FmHA	- -	- -	- -	- -	- -	207,000	12	207,000	12
FS	25,000	- -	770,000	5	- -	- -	- -	796,000	4
Total	2,735,000	124	16,978,715	613	11,200,000	207,000	12	31,120,715	748
1978 Estimate:									
SCS	2,445,500	124	10,349,500	386	9,000,000	- -	- -	22,195,000	510
ERS	9,000	- -	122,000	5	- -	- -	- -	131,000	5
ES	- -	- -	(240,000)	(- -)	- -	- -	- -	(240,000)	(- -)
FmHA	- -	- -	- -	- -	- -	207,000	12	207,000	12
FS	37,500	- -	712,500	5	- -	- -	- -	750,000	4
Total 1/	2,892,000	124	11,184,000	396	9,000,000	207,000	12	23,283,000	531

1/ ES (\$240,000) is to be reimbursable in FY 1978.

RESOURCE CONSERVATION AND DEVELOPMENT PROJECT STATUS

U. S. DEPARTMENT OF AGRICULTURE

SOIL CONSERVATION SERVICE



USDA SOIL CONSERVATION SERVICE

Resource Conservation and Development funds obligated and man-years used in 1976 by state were:

<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>	<u>State</u>	<u>Obligations</u>	<u>Man-Years</u>
Alabama	1,917,977	21.2	Ohio	409,780	17.3
Arizona	385,314	16.1	Oklahoma	832,602	20.5
Arkansas	1,298,635	23.2	Oregon	726,951	17.2
California	325,931	7.0	Pennsylvania	452,903	16.5
Colorado	642,341	19.9	Puerto Rico	33,747	1.6
Connecticut	304,247	7.9	Rhode Island	112,487	3.8
Delaware	133,033	4.5	South Carolina	654,140	21.1
District of Columbia	710,680	26.7	South Dakota	553,183	19.8
Florida	689,379	17.3	Tennessee	557,035	18.9
Georgia	459,626	14.2	Texas	2,038,699	51.4
Hawaii	382,022	5.7	Utah	504,931	12.7
Idaho	390,219	12.0	Vermont	215,449	8.7
Illinois	874,451	13.0	Virginia	142,769	5.0
Indiana	439,684	15.9	Washington	700,330	9.1
Iowa	493,852	15.5	West Virginia	607,690	16.8
Kansas	840,851	19.4	Wisconsin	381,017	8.8
Kentucky	501,137	17.6	Wyoming	<u>382,541</u>	<u>8.3</u>
Louisiana	947,673	15.2	Total Resource		
Maine	517,893	15.8	Conservation		
Maryland	364,317	7.5	and Develop-		
Massachusetts	273,469	9.4	ment, SCS	28,789,087	727.4
Michigan	717,149	17.8	Allocation		
Minnesota	834,559	14.2	Accounts	<u>1,288,813</u>	<u>21.0</u>
Mississippi	896,524	12.7	Total, Resource		
Missouri	445,167	15.9	Conservation		
Montana	496,392	13.1	and Develop-		
Nebraska	467,610	14.8	ment	30,077,900	748.4
Nevada	167,339	3.9			
New Hampshire	261,475	5.6			
New Jersey	84,223	3.8			
New Mexico	307,937	12.9			
New York	502,571	21.7			
North Carolina	773,922	16.1			
North Dakota	635,234	12.4			

STATUS OF RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM
as of June 30, 1976

State	APPLICATIONS ON HAND			AUTHORIZED FOR ASSISTANCE		
	No.	Acres (000)	Counties Involved	No.	Acres (000)	Counties Involved
Alabama	1	2,602	5	4	16,026	36
Arizona	1	15,356	4	4	44,151	12
Arkansas	3	9,223	20	5	24,359	55
California	3	28,600	16	2	10,634	6
Colorado	4	22,667	22	4	34,103	35
Connecticut				2	2,128	8
Delaware				1	1,266	3
Florida				3	9,324	21
Georgia	3	3,161	16	5	6,486	29
Hawaii	1	402	1	2	3,293	2
Idaho				3	19,329	19
Illinois	1	2,499	6	3	6,769	25
Indiana	1	1,972	8	5	7,497	31
Iowa	1	1,933	6	4	6,686	20
Kansas				5	15,673	34
Kentucky	1	2,533	10	5	10,279	41
Louisiana	1	4,332	11	3	9,395	21
Maine				4	9,298	15
Maryland	1	3,049	9	1	668	3
Massachusetts				2	2,267	7
Michigan				4	19,230	39
Minnesota	1	12,477	7	4	25,792	43
Mississippi	1	3,174	7	4	25,171	69
Missouri	1	2,161	6	4	15,488	37
Montana				3	16,857	12
Nebraska				2	16,664	17
Nevada		6	1	2	19,919	12
New Hampshire				1	3,161	4
New Jersey	1	2,502	9	1	569	2
New Mexico	1	9,069	5	5	51,979	24
New York	1	2,318	5	5	16,180	24
North Carolina	3	4,369	16	5	10,411	31
North Dakota	4	20,499	23	4	23,906	30
Ohio				5	8,028	26
Oklahoma	2	9,207	16	4	16,808	31
Oregon				4	16,639	15
Pennsylvania	1	2,837	7	4	11,934	24
Rhode Island				1	671	5
South Carolina	1	1,856	3	4	9,106	23
South Dakota	4	27,506	34	4	16,845	25
Tennessee				4	9,621	37
Texas	8	36,256	60	8	28,920	51
Utah	2	14,295	7	3	21,664	11
Vermont				2	3,156	10
Virginia				1	2,018	8
Washington	1	2,890	4	2	6,372	6
West Virginia	1	2,970	10	4	7,730	30

STATUS OF RESOURCE CONSERVATION AND DEVELOPMENT PROGRAM-Continued

State	APPLICATIONS ON HAND			AUTHORIZED FOR ASSISTANCE		
	No.	Acres (000)	Counties Involved	No.	Acres (000)	Counties Involved
Wisconsin	4	10,815	26	3	18,012	30
Wyoming				3	39,903	17
Caribbean Area	1	789	5	1	85	1
TOTALS	60	264,325	385	168	702,470	1,117

For multistate applications and areas: The number is tabulated for the state having project leadership. The acreage column reflects actual acreage in each state. The counties involved column reflects whole and parts of counties in each state.



Rains in a Louisiana community resulted in periodic flooding (left) that caused property damage and created a health hazard. Through the local RC&D project, the Soil Conservation Service provided financial and technical help, which included the construction of stablized outlets for safe removal of floodwater (below). Now the community, including the new school (bottom photo), is free from floods.



Implementing the RC&D Plan Through Measures

In the 168 authorized RC&D areas, the sponsors have developed goals and set courses of actions to reach those goals. Specific actions called RC&D measures are adopted and approved for planning of action. The following is a national summary of those measures as of June 30, 1976.

Type of RC&D Measure	Adopted		Planned		Completed		Cancelled	
	FY	Total	FY	Total	FY	Total	FY	Total
	1976	to date	1976	to date	1976	to date	1976	to date
<u>Financially assisted</u>								
Critical Area Treatment	608	2,778	251	1,161	148	594	35	161
Flood Prevention	332	2,223	43	412	57	302	78	373
Farm Irrigation	50	668	12	194	18	149	29	91
Land Drainage	91	569	15	128	15	104	6	51
<u>Agriculture-Related</u>								
Pollutant Control	-	-	-	-	-	-	-	-
Public Water-Based Recreation	229	909	40	82	9	18	23	76
Public Water-Based Fish and Wildlife	55	332	5	24	16	24	17	44
<u>With Other Than RC&D Financial Assistance</u>								
Accelerated Services	178	2,287	-	-	97	750	57	202
Public Recreation or Fish and Wildlife Developments ..	355	4,186	-	-	181	1,299	107	587
Water Developments	68	1,199	-	-	37	313	46	172
Special Resource Studies and Inventories	626	3,731	-	-	373	1,812	52	189
Highways, Roads, Trails and Scenic Highways	97	1,274	-	-	53	360	29	146
Cooperatives and Associations	51	346	-	-	26	139	13	38
<u>Agriculture Forest Product Processing or Marketing</u>								
Industry	89	807	-	-	31	285	14	105
Industrial Development	43	605	-	-	43	334	16	94
Public Facilities or Services	640	5,566	-	-	279	1,884	87	395
Educational	200	1,370	-	-	145	649	44	127
Other	623	4,015	-	-	269	1,376	95	354
Totals	4,335	32,865	366	2,001	1,797	10,392	748	3,205

Selected Examples of Recent Progress:

RC&D Area Planning

Resource conservation and development areas generally cover two or more counties and are sponsored by local units of governments within the area. Sponsors start by making application for RC&D Program assistance. The Secretary of Agriculture authorizes assistance to the designated areas. Sponsors of authorized areas have organized, have set their own goals and objectives and have continuous planning process in motion. For example:

Illinois - The Shawnee RC&D sponsors in Illinois recognized an opportunity to provide employment opportunities to the area's unemployed citizens while at the same time achieving the RC&D goals they established. The opportunity was the "Job Opportunities Program", Title X, of PL 93-567. Because the RC&D sponsor organization had the capability of providing harmonious working cooperation between sponsors and to focus on opportunities, Title X applications were prepared and submitted. The result was providing ninety job opportunities and over \$700,000 for salaries. Work accomplished



Roadside erosion, one of the nation's primary sources of sedimentation, was effectively controlled in this Wisconsin area through an RC&D project.



included restoration of the Thebes Courthouse, erosion control on rural cemeteries, rehabilitation of drainage systems, and provided new or expanded recreation opportunities in rural area.

New Mexico - Northern Rio Grande Area: In this arid area, water is considered as the most important natural resource. Through the RC&D planning process, local units of government, organizations and individuals have made plans for water conservation and use. The RC&D sponsors have published Spanish and English versions of a layman's translation of the New Mexico water laws. These have been made available to over 1,000 Acequias (Irrigation Associations). The RC&D area now has completed and distributed a water resource assessment to be used by the RC&D sponsors in developing a comprehensive program for the conservation and use of water. Resulting from this continuing planning effort, one irrigation water storage dam was completed providing supplemental water to 1,600 acres, rehabilitation has been completed on four community irrigation systems, and plans are prepared for rehabilitation of three more systems. Through RC&D area planning, a total approach is being made to conserve and better utilize water. This results in conversion to higher value crops, higher yields, and reduces crop losses due to drought and the subsequent improvement of the areas economy.

Selected Examples of RC&D Plan Implementation

Mississippi - Erosion and Sediment Control Measures (Northeast RC&D area). RC&D sponsors focused on erosion control for fiscal year 1976. Critically eroding roadsides were treated. The total amounted to 124 acres treated under sponsorship of the Itawamba, Choctaw, Oktibbeha, Clay and Webster County governments and the respective conservation districts. Plans have been made to treat 202 acres more in 1977. The results are measured by less sediment downstream and improved driving conditions.

North Dakota - Burnt Creek RC&D Measure (Lewis & Clark 1805 RC&D area). This measure was sponsored by the Burleigh County Water Management District and the Burleigh County Soil Conservation District. The works of improvement include several miles of floodway and dikes and a diversion structure. The measure protects about 40 homes and 3,500 acres from flooding including 2,000 acres of irrigated cropland. Aside from the obvious economic benefits, the planting of shrubs, trees, and grasses, the area offers improved wildlife habitat.

Missouri - Walnut Multicropping Study (Southwest RC&D area). The RC&D council assisted by the RC&D coordinator has organized a consortium of government agencies and private industries to study the declining walnut industry. The study under the leadership of the University of Missouri's School of Forestry is focusing on those factors that would reverse the decline and accelerate the walnut industry. The study was funded in 1976. Preliminary information indicates that when the study recommendations are fully operational, the economic benefit to the area will exceed \$1,000,000. The measure is sponsored by the Southwest RC&D Council in cooperation with the Forest Service and Soil Conservation Service.

Indiana - Buffalo Trace Park (Lincoln Hills RC&D area). Buffalo Trace Park, a 140 acre public water-based recreation development in Harrison County, is providing high quality recreation to the nearby rural communities and people from the Louisville, Kentucky area. A 30 acre lake is the center of attention with facilities including boating, fishing, swimming, camping, picnicing, and field sports. About 30,000 recreation visits were made in 1976 with gate receipts in excess of \$20,000. One thousand campers used the area and swimmers exceeded 11,000. Part-time employment was provided to 10 people.

The Harrison County Park and Recreation Board and Harrison County Soil Conservation District were sponsors.

PASSENGER MOTOR VEHICLES

The 1978 estimate proposes the purchase of 200 additional and 370 replacement passenger motor vehicles.

The passenger motor vehicles of the Soil Conservation Service are distributed among 50 state offices and Puerto Rico, 230 area offices and various technical specialists located at field headquarters. None of these vehicles are used in Washington, D.C. The vehicles are used in rural and other areas where common carrier facilities are either non-existent, uneconomical or inadequate due to the nature of the travel which requires a high degree of mobility with frequent stops at field offices, job sites or other places not serviced by common carrier. Often two or more persons are required to travel together, sometimes for long distances. The use of pickup or truck type vehicles for such trips is impractical, more costly, and not as safe as passenger vehicles. Resident technicians servicing farmers and ranchers in conservation districts use pickup trucks rather than passenger vehicles.

Passenger motor vehicles are generally used on a pool basis and are not assigned to one individual exclusively. This allows several employees to rely on the use of a single vehicle. This maximizes utilization, minimizes the number of vehicles needed, and reduces maintenance costs.

On June 30, 1976, the Soil Conservation Service had 1,982 passenger cars in a total fleet of 10,573 vehicles. The fleet includes pickup trucks, sedan deliveries (light trucks) and jeeps. The Service also had 13 heavy trucks and 123 special purpose vehicles at selected locations.

Purchase of Additional Passenger Motor Vehicles. SCS proposes to purchase 200 passenger motor vehicles in fiscal year 1978 to replace a like number of light duty, 4X2, pickup trucks. This continues a planned gradual reduction in the number of light truck type vehicles that have reached age and mileage requirements for disposal. Sedans in the SCS fleet average 15.4 miles per gallon. SCS light trucks average 14.0 miles per gallon. Replacing 200 light trucks, driven an average 7,622 miles annually, with sedans would conserve approximately 9,898 gallons of fuel each year.

Light trucks are used by field personnel in areas serviced generally by improved roads requiring limited off road travel. Small tools, planning folders and other equipment used by these personnel can be transported equally as well in a passenger car as in a pickup truck. Personnel working in urban areas with planning commissions, city, county and state governmental units and other local groups often need cars which can carry additional passengers. Most travel is performed on parkways and other limited highways which prohibit trucks.

In fiscal year 1976, the average cost of operating light duty pickup trucks including maintenance and depreciation, was 9.72 cents per mile compared with 9.22 cents for sedans, a savings of about .50 cents per mile. In 1976 the acquisition price for sedans averaged about \$2,961 compared to about \$3,174 for light duty pickup trucks. Cost of new sedans will likely be \$3,600 while trucks will cost about \$4,000 in 1977. Therefore, by purchasing sedans instead of light duty pickup trucks, expected outlay for vehicles should be reduced by \$80,000.

Replacement of Passenger Motor Vehicles. The fiscal year 1978 estimates provide for the replacement of 370 passenger motor vehicles during the fiscal year. The vehicles proposed for replacement have been driven more than 60,000 miles or are more than six years of age or will be beyond economic repair due to accident or other causes.

SCS is continuing a sound and effective replacement program. During fiscal year 1976, 470 replacements were purchased. Economy of operation and expected use factors will be taken into consideration as well as prescribed age and mileage standards in planning replacements in 1978.

Age and mileage data for Soil Conservation Service passenger motor vehicles on hand June 30, 1976, are as follows:

<u>Model</u>	<u>Number of Vehicles</u>	<u>Percent of Total</u>	<u>Lifetime Mileage</u> (Thousands)	<u>Number of Vehicles</u>	<u>Percent of Total</u>
1967	18	0.7	80-100	76	3.8
1968	24	1.2	60-80	278	14.0
1969	47	2.6	50-60	233	11.8
1970	102	5.1	40-50	254	12.8
1971	331	16.7	30-40	289	14.6
1972	351	17.7	20-30	281	14.2
1973	311	15.7	10-20	268	13.5
1974	360	18.2	1-10	246	12.4
1975	355	17.9	Under 1	57	2.9
1976	83	4.2			
Total	<u>1,982*</u>	<u>100.0</u>		<u>1,982</u>	<u>100.0</u>

* 1951 Sedans
31 Station Wagons

LANGUAGE CHANGES

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OFFICE OF THE INSPECTOR GENERAL

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Office of the Inspector General:

For necessary expenses of the Office of the Inspector General including employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to
1 exceed \$10,000 for employment under 5 U.S.C. 3109, [\$18,434,000 and in addition, \$7,932,000 shall be derived by transfer from the appropriation "Food Stamp Program" and merged with this appropriation] \$28,058,000.

The change deletes language transferring funds to OIG from the Food Stamp Program, FNS. These funds are being requested as part of the direct appropriation in fiscal year 1978.

The current arrangement has the effect of earmarking certain funds for audit and investigation of the Food Stamp Program. This arrangement has been satisfactory except when the Offices of Audit and Investigation have had to react to special situations requiring large expenditures of manpower such as the recent grain cases. With the restriction on the use of the transferred funds, resources to meet these large-scale, unplanned audits and investigations have been shifted from other Agriculture programs on a disproportionate basis. This proposal will give the Offices the authority to manage their funds in such a way as to meet unforeseen needs as they arise, with a minimum of adverse impact on other program areas. The Food Stamp Program will, of course, continue to be given high priority.

AGRICULTURAL RESEARCH SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Agricultural Research Service

For expenses necessary * * * and for acquisition of lands by donation, exchange, 1 or purchase at a nominal cost not to exceed \$100 [, except that the foregoing limitation shall not apply to the acquisition of lands for the U.S. Sugarcane Laboratory, Houma, Louisiana, at a cost not to exceed \$450,000] ; [\$270,576,000] \$319,719,000: Provided, That appropriations hereunder shall be available * * * Provided further, That appropriations hereunder shall be available pursuant to 7 U.S.C. 2250, for the construction, alteration, and repair of buildings and improvements, but unless otherwise provided, the cost of constructing any one 2 building (except headhouses connecting greenhouses) shall not exceed [\$57,500] \$70,000, except for [six] ten buildings to be constructed or improved at a cost not to exceed [\$112,500] \$135,000 each, and the cost of altering any one building during the fiscal year shall not exceed [\$21,500, or 22] 10 per centum of the [cost] current replacement value of the building [, whichever is greater] : Provided further, That the limitations on alterations contained in this Act shall not apply to a total of \$100,000 for facilities at Beltsville, Maryland: Provided further, That the foregoing limitations shall not apply to replacement of buildings needed to carry out the Act of April 24, 1948 (21 U.S.C. 113a). * * *

The first change would delete an exception to the \$100 limitation on purchase of lands. The FY 1977 appropriation bill provides \$450,000 for acquisition of lands for the U.S. Sugarcane Laboratory, Houma, Louisiana. The purchase will be made during FY 1977, and the language will not be required in FY 1978.

The second change would increase the cost limitations of (1) constructing any one building (except headhouses connecting greenhouses) from \$57,500 to \$70,000; (2) constructing six buildings at \$100,000 each to ten buildings at \$135,000 each; and (3) altering any one building from \$21,500 or 22 per centum of the cost of the building, whichever is greater, to 10 per centum of the current replacement value of the building. Limitations in the FY 1977 appropriation bill are lower than these proposed in the FY 1977 Budget Estimates and, if perpetuated in FY 1978, will be overly restrictive to the point of endangering research programs. The number of requests for special construction authorizations has varied through the years to as many as nine projects in a fiscal year. To prevent postponement of the additional projects and delays in research programs, it is requested that the number of special building authorizations be increased from six to ten. Finally, it is requested that the alteration limitations be linked to replacement value instead of cost. This change would permit construction to be made compatible with existing structures and minimize the need for future changes to the limitation. The urgency of these changes is magnified by the recently approved and proposed funding increases for a comprehensive program of facility restoration.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

The estimates include proposed changes in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Animal and Plant Health Inspection Service

- 1 For expenses, not otherwise provided***and [\$833,000] \$4,460,000 shall be for
repayment to the Commodity Credit Corporation of advances (and interest
thereon) made in accordance with authorities contained in the provisions of
the appropriation items for the Animal and Plant Health Inspection Service in
2 the [Agriculture-Environmental and Consumer Protection Appropriation Act,
3 1975] Agriculture and Related Agencies Appropriation Act, 1976***Provided,
[That \$1,000,000 of the funds for control of the fire ant shall be placed in
reserve for matching purposes with States which may come into the program:]
[Provided further,]***That this appropriation shall be available pursuant to
7 U.S.C. 2250 for the construction, alteration, and repair of buildings and
improvements, but unless otherwise provided, the cost of constructing any
4/5 one building shall not exceed [\$52,500] \$70,000, except for [two] four build-
ings to be constructed or improved at a cost of not to exceed [\$105,000]
6 \$135,000 each, and the cost of altering any one building during the fiscal
year shall not exceed [\$20,000, or 20 per centum of the cost of the building,
7 whichever is greater:] 10 per centum of the current replacement value of the
8 building:[Provided further, That \$3,800,000 shall remain available until ex-
pended for plans, construction and improvement of facilities without regard
to limitations contained herein:] Provided further, That this appropriation
9 shall be available for acquisition of lands by donation, exchange, or purchase
at a nominal cost not to exceed \$100, except for purchase of land for an
Animal Holding and Testing Facility at Ames, Iowa:***

The first change specifies the amount needed in FY 1978 for repayment to the Commodity Credit Corporation of advances (and interest thereon) made during FY 1976 to combat the hog cholera emergency.

The second change relates to the authority under which the advances from Commodity Credit Corporation were made during FY 1976. Authority for the advances was contained in the Agriculture and Related Agencies Appropriation Act, 1976.

The third change deletes the requirement to place funds for fire ant control in reserve for matching purposes with States as there is now a lack of an available, effective, and environmentally acceptable fire ant control tool. This is due to a proposal by the Mississippi Authority for Control of Fire Ants to cancel all registrations of mirex bait, the only known efficacious material available for use in controlling this pest. A decrease of \$8,600,000 is being proposed in the FY 1978 budget estimates.

The fourth change would increase the cost limitation of constructing any one building from \$52,500 to \$70,000. The increase is required because of increased labor and material costs. For example, the lowest of recent bids on animal holding space with no air conditioning and minimal heating and lighting have totalled \$60,000. To add office or laboratory area, the square footage required would increase. Therefore, the Agency request for \$70,000 per building is the absolute minimum needed.

The fifth change would provide authority to construct or improve four buildings instead of two, as authorized for FY 1977. It is necessary to renovate animal import centers at Sweetgrass, Montana; Orville, Washington; Buffalo, New York; and Detroit, Michigan. There is also need to construct a Bird Holding Building at Newburgh, New York and an office and laboratory facility at Beltsville, Maryland.

The sixth change would increase the cost of four buildings to \$135,000 each. This increase is also required because of increased labor and material costs as mentioned in the fourth change.

The seventh change remedies the inequitable base now in existence which applies a dollar amount or a percentage limitation for alteration based on the original cost of the building. Many of these buildings are over ten years old and since building costs have at least doubled during this period, the present restriction of \$20,000 or 20 percent of the original cost is unrealistically low. Such a base has forced the Agency to reject the alteration of existing buildings and instead construct new buildings. This is poor management of resources and is also contradictory to current environmental trends. With this change, 10 percent of the current replacement value will be a more realistic amount than the present \$20,000 or 20 percent of the original cost of the building. This is due to the large inflationary increases that have occurred in the building industry over recent years.

The eighth change would eliminate the construction authorization for the Stewart Animal Import Center that was granted in the FY 1977 appropriation.

The ninth change would enable the Department to purchase land at Ames, Iowa, for an Animal Holding and Testing Facility. The use of this land is imperative for effective operation of the Veterinary Biologics Laboratory at Ames. The Department has been renting this land since 1970 at a current annual rental cost of \$20,000. The land can be purchased for approximately \$61,250 resulting in a substantial savings to the Government and providing its continuing availability to the Department.

COOPERATIVE STATE RESEARCH SERVICE

The estimates include proposed changes in the Language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Cooperative State Research Service:

- 1 For payments to agricultural experiment stations, for [grants for]
- 2 cooperative forestry and other research, *** for [grants for]
cooperative forestry research under the Act approved October 10, 1962 ***
\$1,500,000 for Rural Development Research as authorized under the
- 3 Rural Development Act of 1972, as amended, (7 U.S.C. 2661-2668), ***

The first and second changes in language delete the reference to "grants" for cooperative forestry. McIntire-Stennis funds are apportioned to the States on an administrative basis, rather than by grant award.

The third change provides for the extension of the authorization of appropriation for carrying out title V of the Rural Development Act of 1972, and for other purposes (P. L. 94-259, April 5, 1976).

EXTENSION SERVICE

The estimates include proposed changes in the language of this item as follows: (new language underscored; deleted matter enclosed in brackets):

Extension Service

- 1 Payments for extension work by the colleges receiving the benefits of the second Morrill Act, (7 U.S.C. 321-326,328) and Tuskegee Institute under section 3 (d) of the Act, \$8,833,000; [payments for rural development work under section 3(d) of the Act, \$1,000,000] payments for the pest management program under section 3 (d) of the Act, [\$2,935,000] \$4,435,000; payments for the farm safety program under
- 2 section 3(d) of the Act, \$1,020,000; payments for the pesticide impact assessment program under section 3(d) of the Act, \$735,000; and payments for extension work under section 208 (c) of Public Law 93-471, \$910,000; and \$1,500,000 for rural development education as authorized under the Rural Development Act of 1972 (7 U.S.C. 2661-2668).

The first change proposes the elimination of funds earmarked for Community Resource Development work under section 3(d) of the Act. Activities similar to this program are currently being performed by States under the Smith-Lever formula appropriation. This proposal will further eliminate additional program and administrative overview specifically required for earmarked programs at the Federal, State, and county levels.

The second change is proposed to enable the Extension Service to carry out its role under the departmental effort to fulfill its responsibilities under FIFRA and proposed actions governing the use of pesticides.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

Marketing Services

For expenses necessary to carry on services related to consumer protection, agricultural marketing and distribution, and regulatory programs, other than Packers and Stockyards Act, as authorized by law [, and for administration and coordination of payments to States]; including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$45,000 for employment under 5 U.S.C. 3109; [\$52,734,000] \$49,927,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed \$7,500 or 7.5 per centum of the cost of the building whichever is greater.

This change proposes deletion of the language included in Public Law No. 94-351, making appropriations for Agriculture and related agencies, 1977, providing for the administration and coordination of the separate appropriation account, "Payments to States and Possessions."

The Payments to States program has been in effect since 1948, and during that period of time, most State departments of agriculture have received increased appropriations from their States in response to their marketing service needs. As these State marketing appropriations have gradually built up over the years, the relative importance of Federal funds under this program has gradually diminished. Therefore, it is proposed to abolish the Federal portion of the program.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (deleted matter enclosed in brackets):

[Payments to States and Possessions]

[For payments to departments of agriculture, bureaus and departments of markets, and similar agencies for marketing activities under section 204(b) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1623(b)), \$1,600,000.]

This change proposes deletion of this program included in Public Law No. 94-351, making appropriations for Agriculture and related agencies, 1977.

The Payments to States program has been in effect since 1948, and during that period of time, most State departments of agriculture have received increased appropriations from their States in response to their marketing service needs. As these State marketing appropriations have gradually built up over the years, the relative importance of Federal funds under this program has gradually diminished. Therefore, it is proposed to abolish the Federal portion of the program.

AGRICULTURAL MARKETING SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Funds for Strengthening Markets, Income, and Supply (Section 32)

Funds available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c) shall be used only for commodity program expenses as authorized therein, and other related operating expenses, except for (1) transfers to the Department of Commerce as authorized by the Fish and Wildlife Act of August 8, 1956 [;] and (2) transfers otherwise provided in this act [; and (3) not more than \$4,250,000 for formulation and administration of marketing agreements and orders pursuant to the Agricultural Marketing Agreement Act of 1937, as amended, and the Agricultural Act of 1961].

This change deletes language for marketing agreements and orders included in Public Law No. 94-351, making appropriations for Agriculture and related agencies, 1977.

For fiscal year 1978, it is proposed that the marketing agreements and orders program be financed under the Marketing Services appropriation, since most of the section 32 funds will be transferred to the Food and Nutrition Service.

FEDERAL GRAIN INSPECTION SERVICE

The estimates include proposed changes in the language which adds the following new appropriation account (new language underscored):

Salaries and Expenses:

For expenses necessary to carry out the provisions of the United States Grain Standards Act, as amended, and the standardization activities related to grain under the Agricultural Marketing Act of 1946, as amended, including field employment pursuant to section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 for employment under 5 U.S.C. 3109: \$13,595,000: Provided, That this appropriation shall be available pursuant to law (7 U.S.C. 2250) for the alteration and repair of buildings and improvements, but, unless otherwise provided, the cost of altering any one building during the fiscal year shall not exceed 10 per centum of the current replacement value of the building.

The proposed language would establish a new appropriation account pursuant to the U.S. Grain Standards Act of 1976 (P.L. 94-582). The law, which was enacted on October 21, 1976, and became effective on November 20, 1976, established the Federal Grain Inspection Service to administer a revised and expanded national grain inspection and weighing system.

The Service will require the expertise and technical assistance of persons (employment of consultants) already experienced and knowledgeable in regulation development and promulgation, scales operations, weighing techniques, grain inspection, and elevator operations. Due to the immediate need for assistance in these areas, consultants will be hired on a temporary basis until Service personnel can be fully trained.

The requirement to perform original inspection and weighing services at export locations will cause the Service to expand its laboratory facilities at export elevators. This will require the renovation of existing inspection agency facilities to insure they meet Federal specifications.

FOOD AND NUTRITION SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Child Nutrition Programs

- 1 For necessary expenses [to carry out the provisions] and payments under
- 2 sections 4, 6, 10, 11 and 17(b, c and f) of the National School Lunch Act,
- 3 as amended (42 U.S.C. 1751-1761)[; Public Law 91-248] and the applicable
- 4 provisions other than section 3 of the Child Nutrition Act of 1966, as
- 5 amended (42 U.S.C. 1773-1785); [\$2,751,032,000] \$2,276,282,000 of which
- 6 [\$959,000,000] \$1,239,000,000 shall be derived by transfer from funds
- 7 available under section 32 of the Act of August 24, 1935 (7 U.S.C. 612c)
- 8 and in addition, \$242,725,000 of unobligated balances under section 32
- 9 shall be transferred to this appropriation: Provided, That of the foregoing
- 10 total amount there shall be available [\$28,000,000 for the nonfood assistance
- 11 program, and \$13,675,000] \$7,700,000 for the State administrative expenses:
- 12 ***[: Provided further, That this appropriation shall be available for
- 13 employment pursuant to the second sentence of section 706(a) of the Organic
- 14 Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available
- 15 for employment under 5 U.S.C. 3109].

The first change has the effect of removing the implicit appropriation for \$3,000,000 in section 17(j) of the National School Lunch Act for equipment assistance for the child care food program. Most of the child care institutions have existing food service facilities meeting state requirements.

The second change deletes the reference to Public Law 91-248. There is no language in Public Law 91-248 which is not covered by the phrase "as amended" in the remainder of the proposed appropriation language.

The third change transfers the unobligated balances in the section 32 account to the child nutrition programs account reducing the amount of new budget authority needed for this program.

The fourth change deletes the appropriation language for the nonfood assistance program. This is no longer needed since all of the no-program schools have been offered full assistance.

The fifth change deletes the provision for the employment of consultants which has been transferred to Food Program Administration.

Special Milk Program

- 1 For necessary expenses to carry out the provisions of the special milk
- 2 program, as authorized by section 3 of the Child Nutrition Act of 1966,
- 3 as amended (42 U.S.C. 1772), [\$155,000,000] \$34,900,000: Provided, That
- 4 these funds shall be available only for payments to schools, institutions
- 5 or summer camps, not receiving any reimbursement for meals with milk from
- 6 funds appropriated for domestic food programs under this Act.

This change limits payments for milk to schools, institutions, and summer camps where no other meals are served containing milk. This would eliminate the duplication of giving children milk both with their school lunch and under this program.

FOOD AND NUTRITION SERVICE

Special Supplemental Food Program (WIC)

- 1 For necessary expenses *** /: Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$75,000 shall be available for employment under 5 U.S.C. 3109/.

This change deletes the provision for the employment of consultants which has been transferred to Food Program Administration.

Food Stamp Program

- 1 For necessary expenses *** /Provided further, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$100,000 shall be available for employment under 5 U.S.C. 3109/ Provided further, That no part of the funds appropriated by this Act
- 2 shall be used during the fiscal year ending September 30, /1977/ 1978 to make food stamps available to any household, to the extent that the entitlement otherwise available to such household, is attributable to an individual who: (i) has reached his eighteenth birthday; (ii) is enrolled in an institution of higher education; and (iii) is properly claimed as a dependent child for Federal income tax purposes by a taxpayer who is not a member of an eligible household: ***.

The first change deletes the provision for the employment of consultants which has been transferred to Food Program Administration.

The second change deletes the fiscal year ending 1977 and extends the provisions pertaining to the eligibility of certain students claimed as a dependent child for Federal income tax purposes by a taxpayer to fiscal year 1978.

Food Donations Program

- 1 For necessary expenses to carry out the provisions of section 4(a) of the Agriculture and Consumer Protection Act of 1973, as amended for the
- 2 donation of food to families (7 U.S.C. 612c (note)), /\$23,166,000 of which \$17,000,000 shall be available for the Commodity Supplemental Food Program without regard to whether an area is under the Food Stamp Program/, \$9,620,000.

The first change adds specific reference to the family feeding program in order to limit this program to needy families only. This would eliminate funding for the special package and summer camp programs.

The second change deletes language authorizing the Commodity Supplemental Food Program whose participants will be transferred to the Special Supplemental Food Program (WIC); the language, therefore, will be unnecessary in fiscal year 1978.

FOOD AND NUTRITION SERVICE

Food Program Administration

For necessary administrative expenses of the Domestic Food Programs funded under this Act, \$64,451,000 to remain available until expended: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$150,000 shall be available for employment under 5 U.S.C. 3109. (7 U.S.C. 612c, 2011-2025; 42 U.S.C. 1768, 1783, 3045f.)

The proposed language would aggregate all of the Federal operating expenses of Food and Nutrition Service into a new appropriation account, Food Program Administration, to supersede the corresponding budget activities formerly included in the appropriation accounts for the Food Stamp Program, Child Nutrition Programs, Special Milk Program, Special Supplemental Food Program (WIC), Food Donations Program and Elderly Feeding Program.

FOREIGN AGRICULTURAL SERVICE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Foreign Agricultural Service:

For necessary expenses for the Foreign Agricultural Service, including carrying out Title VI of the Agricultural Act of 1954 (7 U.S.C. 1761-1768) *** including not to exceed [\$45,000] \$47,000 for representation allowances and for expenses pursuant to section 8 of the Act approved August 3, 1956 (7 U.S.C. 1766), ***

The Change in language is for the purpose of increasing the ceiling on representation funds, offsetting sustained overseas inflation which has decreased the purchasing power of the current limitation.

PUBLIC LAW 480

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Public Law 480

For expenses during the current fiscal year, not otherwise recoverable, and unrecovered prior years' costs, including interest thereon, under the Agricultural Trade Development and Assistance Act of 1954, as amended (7 U.S.C. 1701-[1710] 1711, 1721-[1725] 1726, 1731-1736d), as follows: (1) sale of agricultural commodities for foreign currencies and for dollars on credit terms pursuant to title I of said Act, [\$680,465,000] \$276,865,000, and (2) commodities supplied in connection with dispositions abroad, pursuant to title II of said Act, [\$488,790,000] \$646,020,000.

The change in language is for the purpose of updating the code citation to include new legislation enacted under Public Law 94-161, approved December 20, 1975.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the Language of this item as follows (deleted matter enclosed in brackets and new language is underscored):

Agricultural Conservation Program

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p(a), and 590q), and sections 1001-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, inter-state, and international fairs within the United States, [\$105,000,000] 1 \$190,000,000, for compliance with the programs of soil-building and soil-and water-conserving practices authorized under this head in the Agriculture and 2 Related Agencies Appropriation Act, [1976] 1977, entered into during the 3 period [July 1, 1975] October 1, 1976, to December 31, [1976] 1977; inclusive: Provided, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated as Wetland Types 3(III), 4(IV), and 5(V) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the 4 United States, 1956[: Provided further, That necessary amounts shall be available for administrative expenses in connection with the formulation and administration of the 1977 program of soil-building and soil-and water-conserving practices, including related wildlife conserving practices, and pollution abatement practices, under the Act of February 29, 1936, as amended (amounting to \$190,000,000, excluding administration, except that no participant in the Agricultural Conservation Program shall receive more than \$2,500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community): Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation material, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved 1970 farming practices to be selected by the county committees under programs provided for herein: Provided further, That no part of the funds in this Act may be used to obtain or require submission of information from participants in this program not required in carrying out the 1970 program: Provided further, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee, be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C. 1913, to have violated or attempted to violate such section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member or

through the proper official channels].

The first change requests an appropriation of \$190,000,000 to liquidate the 1977 program.

The second change updates reference to appropriation Act.

The third change updates time period involved for entering into agreements for which appropriation is requested to liquidate agreement obligations.

The fourth change deletes language requesting an advance authorization and related provisos.

The President is not requesting any new advance authorization to operate this program in fiscal year 1978. New legislation is being re-submitted that is designed to replace the outdated provisions under which the present program is operating and will emphasize cost-sharing for long-term conservation practices on a nationwide basis.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the Language of this item as follows
(deleted matter enclosed in brackets):

[Water Bank Program]

[For necessary expenses to carry into effect the provisions of the Water Bank
Act (16 U.S.C. 1301-1311), \$10,000,000, to remain available until expended.]

This change proposes the deletion of the above language since the Department is
not requesting funds for fiscal year 1978.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The estimates include proposed changes in the Language of this item as follows (deleted matter enclosed in brackets):

[Forestry Incentives Program]

[For necessary expenses not otherwise provided for, to carry out the program of forestry incentives, as authorized in sections 1009 and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1509-1510) including technical assistance and related expenses, \$15,000,000.]

This change deletes language for FY 1978 since the Department is not requesting funds for fiscal year 1978.

COMMODITY CREDIT CORPORATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Limitation on Administrative Expenses

- Not to exceed ~~[\$41,220,000]~~ \$39,800,000 shall be available for administrative expenses of the Commodity Credit Corporation: Provided, That ~~[\$3,133,000]~~ \$3,474,000 of this authorization shall be available to support
- 1-4 the ~~[position of]~~ Office of the General Sales Manager ~~[who]~~ which shall work to expand and strengthen sales of U. S. commodities in world markets (including those of the Corporation and those funded by Public Law 480) pursuant to existing authority (including that contained in the Corporation's charter and Public Law 480), and that such funds shall be
- 5-7 used by ~~[such]~~ the General Sales Manager ~~[to form an agency]~~ to carry out
- 8-9 the above activities. ~~[Such]~~ The General Sales Manager shall report directly to the Board of Directors of the Corporation of which the
- 10-11 Secretary of Agriculture is a member. ~~[Such]~~ The General Sales Manager shall obtain, assimilate, and analyze all available information on developments related to private sales, as well as those funded by the Corporation and Public Law 480, including grade and quality as sold and as delivered and shall submit quarterly reports to the appropriate committees of Congress concerning such developments: * * *

Changes 1-11 propose updating of the language included in the Agriculture and Related Agencies Appropriation Act, 1977, authorizing the establishment of an agency, headed by the Sales Manager, to carry out authorized activities. Since the Office of the General Sales Manager was established effective February 29, 1976, pursuant to Secretary's Memorandum No. 1893, Supplement 1, revision of the language in 1978 is necessary to reflect the current organization and official title of the General Sales Manager.

RURAL DEVELOPMENT SERVICE

The estimates include proposed changes in the language explained below. Deleted matter is enclosed in brackets. New matter is underlined.

Rural Development Service

- 1 For necessary expenses, not otherwise provided for, of the Rural Development Service in providing leadership, coordination, and related services in carrying out the rural development activities of the Department of Agriculture and for carrying out the responsibilities of the Secretary of Agriculture under section 701 of the Housing Act of 1954, as amended (40 U.S.C. 461) , \$1,433,000 \$1,663,000: Provided, That this appropriation shall be available for employment pursuant to the second sentence of section 706(a) of the Organic Act of 1944 (7 U.S.C. 2225), and not to exceed \$3,000 shall be available for employment under 5 U.S.C. 3109.

The change removes from the appropriation language the authority of the Secretary under section 701 of the Housing Act of 1954 as amended. The technical assistance provision of section 701 was deleted in the enactment of P.L. 93-383, approved August 8, 1974.

RURAL ELECTRIFICATION ADMINISTRATION

The Estimates include proposed changes in the language explained below.
Deleted matter is enclosed in brackets.

Rural Electrification Administration

To carry into effect the provisions of the Rural Electrification Act of 1936, as amended (7 U.S.C. 901-950(b)), as follows:

Rural Electrification and Telephone Revolving Fund
Loan Authorizations

Insured loans pursuant to the authority of section 305 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 935),
1 shall be made as follows: rural electrification loans, not
2 less than/ \$750,000,000, nor more than \$900,000,000, and
3 rural telephone loans, not less than \$250,000,000, to remain
available until expended: Provided, That loans made pursuant
to section 306 of that Act are in addition to these amounts.

The changes delete the language which sets a range, thereby making specific electric and telephone loan levels.

FARMERS HOME ADMINISTRATION

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Rural Development Grants

[For grants pursuant to section 310B(c) of the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1932), \$10,000,000.]

This change would delete the language contained in P.L. 94-351, making appropriations for Agriculture and Related Agencies, 1977, approved July 12, 1976.

No funds are requested for fiscal year 1978.

Adequate credit assistance to provide measures designed to facilitate development of private business enterprises is available at reasonable interest rates and terms through the business and industrial loan program.

Rural Housing for Domestic Farm Labor

[For financial assistance to public nonprofit organizations for housing for domestic farm labor, pursuant to section 516 of the Housing Act of 1949, as amended (42 U.S.C. 1486), \$7,500,000.]

This change would delete the language contained in P.L. 94-351, making appropriations for Agriculture and Related Agencies, 1977, approved July 12, 1976.

No funds are being requested for fiscal year 1978, since such needs can best be served by other programs.

Mutual and Self-Help Housing

[For grants pursuant to section 523(b)(1)(A) of the Housing Act of 1949 (42 U.S.C. 1490c), \$9,000,000.]

This change would delete the language contained in P.L. 94-351, making appropriations for Agriculture and Related Agencies, 1977, approved July 12, 1976.

No program is planned for fiscal year 1978, since the grants plus the subsidy cost of the associated loans have resulted in high unit costs to the Government without corresponding benefits to those aided.

Very-Low Income Housing Repair Grants

[For grants to the elderly pursuant to section 504 of the Housing Act of 1949, as amended, \$5,000,000.]

This change would delete the language contained in P.L. 94-351, making appropriations for Agriculture and Related Agencies, 1977, approved July 12, 1976.

No funds are being requested for this program in fiscal year 1978, since these families can be served by the Very-Low Income Housing Repair Loans.

Rural Community Fire Protection Grants

[For grants pursuant to section 404 of the Rural Development Act of 1972, as amended (7 U.S.C. 2654), \$3,500,000 to fund up to 50 per centum of the cost of organizing, training, and equipment for rural volunteer fire departments.]

This change would delete the language contained in P.L. 94-351, making appropriations for Agriculture and Related Agencies, 1977, approved July 12, 1976.

The authorization for this program expires at the end of FY 1977.

Adequate credit assistance to provide fire fighting equipment under this program is available at reasonable interest rates and terms through the community facilities loan program of this Agency. In addition, the Forest Service makes surplus fire fighting equipment available to rural communities.

GENERAL PROVISIONS

Section 601: Provides authority for the purchase, replacement, and hire of passenger motor vehicles. The following changes are proposed in this section for 1978 (new language underscored; deleted matter enclosed in brackets):

Sec. 601. Within the unit limit of cost fixed by law, appropriations and authorizations made for the Department of Agriculture for the fiscal
1 year 1978 under this Act shall be available for the purchase, in
2 addition to those specifically provided for, of not to exceed [eight
hundred and fifty-four (854)] eight hundred forty-seven (847) passenger
3 motor vehicles, of which [six hundred and twenty-one (621)] six hundred
thirty-six (636) shall be for replacement only, and for the hire of
such vehicles.

The first change adds language making this portion of the General Provisions applicable only to fiscal year 1978.

The second and third changes decrease the total number of passenger motor vehicles to be acquired in fiscal year 1978. The estimates propose the acquisition of 847 passenger motor vehicles. Of this amount 636 would be acquired to replace existing vehicles and 211 would be purchased without exchange of passenger motor vehicles.

Of the 211 vehicles to be acquired without exchange, 200 are to replace light trucks owned by the Soil Conservation Service and one is to replace a light truck owned by the Foreign Agricultural Service. Seven of these acquisitions are for the Mediterranean fruit fly and boll weevil eradication programs of the Animal and Plant Health Inspection Service; the three remaining purchases are for the use of Foreign Agricultural Service agricultural attaches.

All of the 636 passenger motor vehicles to be replaced will be at least six years old or will have mileage in excess of 60,000 miles at the time of disposal, with the exception of a limited number which may become damaged beyond economical repair as the result of accidents or operation over unimproved rural roads or other adverse conditions. More detailed explanations of the need for motor vehicle acquisitions appear in the justifications for the agencies involved.

Section 602: Provides that funds available to the Department of Agriculture shall be available for uniforms or allowances as authorized by law (5 U.S.C. 5901-5902).

Section 603: Provides that not less than \$1,500,000 of the appropriations of the Department for research and service work authorized by the Acts of August 14, 1946, July 28, 1954, and September 6, 1958 (7 U.S.C. 427, 1621-1629; 42 U.S.C. 1891-1893), shall be available for contracting in accordance with these Acts.

Section 604: Provides that no part of any appropriation in this Act shall be used to make production or other payments to a person, persons, or corporations who harvest or knowingly permit to be harvested for illegal use, marihuana or other prohibited drug-producing plants on lands owned or controlled by such persons or corporations.

Section 605: Advances of money from any appropriation for the Department of Agriculture may be made by authority of the Secretary of Agriculture to chiefs of field parties.

Section 606: Provides that none of the funds provided by this Act shall be used to pay the salaries of any person or persons who carry out the provisions of section 610 of the Agricultural Act of 1970, which provides for the transfer of funds to Cotton Incorporated.

Section 607: Provides a limitation on obligations to be charged to the Working Capital Fund. The following changes are proposed in this section for fiscal year 1978 (new language underscored; deleted matter enclosed in brackets):

- Sec. 607. Obligations chargeable against the Working Capital Fund during
1, 2 the period October 1, [1976] 1977, through September 30, [1977] 1978,
3 shall not exceed [\$50,000,000] \$55,061,000: Provided, That no funds
appropriated to an agency of the Department shall be transferred to the
Working Capital Fund except upon the approval of the agency administrator.

The first and second changes are necessary to make this portion of the General Provisions applicable to fiscal year 1978.

The third change would increase the limitation on obligations chargeable against the Working Capital Fund from \$50,000,000 to \$55,061,000. This is necessary to allow the Department to provide all the Working Capital Fund services requested by its agencies for fiscal year 1978.

Section 608: This section provides that certain funds remain available until expended. The following change is proposed in this section (deleted matter enclosed in brackets):

- Sec. 608. New obligational authority provided for the following appropriation items in this Act shall remain available until expended:
Scientific Activities Overseas (Special Foreign Currency Program);
1 Public Law 480; [Rural Housing for Domestic Farm Labor; Mutual and
Self-Help Housing; Watershed and Flood Prevention Operations; Resource
2 Conservation and Development; [Forestry Incentives Program]; Emergency
Conservation Measures; Buildings and Facilities, Food and Drug Administration; and the appropriation to liquidate contract authorizations
for the Agricultural Conservation Program.

The first and second changes delete language providing for funds to remain available until expended for the Rural Housing for Domestic Farm Labor, Mutual and Self-help Housing, and Forestry Incentives program. The budget does not include funding for these accounts in fiscal year 1978.

Section 609: The following changes are proposed in the language of this section (new language underscored; deleted matter enclosed in brackets):

- 1 Sec. 609. [None of the funds provided in this Act may be used to reduce
programs by establishing an end-of-year employment ceiling on permanent
positions below the level set herein for the following agencies:
Farmers Home Administration, 7,400; Agricultural Stabilization and
Conservation Service, 2,473; and Soil Conservation Service, 13,955.]
2 The Secretary of Agriculture is authorized to transfer unexpended balances
of prior appropriations to accounts corresponding to current appropriations
provided for "Domestic Food Programs" in this Act: Provided, That such
transferred balances shall be available only for the same purposes, and
for the same periods of time, for which they were originally appropriated.

The deletion of the current section 609 is necessary to permit USDA employment to fluctuate consistent with workload requirements. Arbitrary minimum employment limitations prevent the implementation of cost savings where workload falls below the anticipated level.

The proposed language for this section allows the Secretary to transfer unexpended balances of fiscal year 1977 appropriations to the corresponding accounts in fiscal year 1978. This is necessary to restructure the accounts of the Food and Nutrition Service.

Section 610: The following change is proposed in the language of this section (new language underscored; deleted matter enclosed in brackets):

- 1 [Sec. 610. None of the funds contained in this Act shall be used by any State Committee to prevent any County Committee from authorizing the use of any funds for any nationally authorized program of the Agricultural Conservation Program.]
- 2 Sec. [611] 610. No part of any appropriation contained in this Act shall remain available for obligations beyond the current fiscal year unless expressly so provided herein.

The current language of section 610 is proposed for deletion because it prevents State Committees from insuring that counties will administer and operate the Agricultural Conservation Program in a consistent and economical manner.

Section 611 has been renumbered due to the proposed deletion of section 610.

Section 611: New language proposed for section 611 is as follows:

Sec. 611. Not to exceed \$50,000 of the appropriations available to the Department of Agriculture shall be available to provide appropriate orientation and language training pursuant to Public Law 94-449.

The proposed language is necessary to provide the Department with flexibility in the application of the limitation contained in P.L. 94-449, approved October 5, 1976, providing for the orientation of the dependents of Department employees on foreign assignments. Separate limitations in the appropriations of each agency affected would be overly restrictive.

Reserve

1.9
Ag 8/Exp



U.S. Department of Agriculture
1978 BUDGET
EXPLANATORY NOTES

Adj. 13.71

U.S. DEPARTMENT OF AGRICULTURE

BUDGET AMENDMENTS

UNITED STATES DEPARTMENT OF AGRICULTURE

Department Estimates For Amended Budget, 1978
(In thousands)

Agency and item	1977 Appropriations Adjusted a/	January Budget	Amended Budget	Change 1978 Amended Budget from	
				1977	January Budget
Office of the Secretary	\$2,337	\$2,496	\$2,496	+\$159	- -
Departmental Administration b/	13,724	14,292	14,292	+568	- -
Economic Management Support Center	2,923	3,006	3,006	+83	- -
Office of the Inspector General	27,757	28,058	28,058	+301	- -
Office of the General Counsel	9,321	9,461	9,461	+140	- -
Federal Grain Inspection Service	18,278	13,595	13,595	-4,683	- -
Agricultural Research Service	290,109	327,219	327,219	+37,110	- -
Animal and Plant Health Inspection Service ...	417,098	431,319	431,319	+14,221	- -
Cooperative State Research Service	129,022	136,687	136,687	+7,665	- -
Extension Service	241,406	242,471	242,471	+1,065	- -
National Agricultural Library	6,193	6,880	6,880	+687	- -
Statistical Reporting Service	35,951	37,508	37,508	+1,557	- -
Economic Research Service	27,994	29,405	29,405	+1,411	- -
Agricultural Marketing Service	47,163	50,927	50,927	+3,764	- -
Section 32 (net of transfers)	83,747	- -	- -	-83,747	- -
Packers and Stockyards Administration	6,079	6,152	6,152	+73	- -
Fanner Cooperative Service	2,724	2,920	2,920	+196	- -
Agricultural Stabilization and Conservation Service:					
Agricultural Conservation Program	190,000	- -	190,000	- -	+190,000
Proposed legislation	- -	90,000	- -	- -	-90,000
Water Bank Program	10,000	- -	- -	-10,000	- -
Forestry Incentives Program	15,000	- -	- -	-15,000	- -
All Other	171,330	174,457	174,457	+3,127	- -
Total, Agricultural Stabilization and Conservation Service	386,330	264,457	364,457	-21,873	+100,000
Federal Crop Insurance Corporation	c/ 102,000	12,000	12,000	-90,000	- -
Commodity Credit Corporation	109,053	1,234,342	1,234,342	+1,045,289	- -
Farmers Home Administration:					
Water and waste disposal grants	200,000	50,000	200,000	- -	+150,000
Very low income housing grants	5,000	- -	5,000	- -	+5,000
Rural housing for domestic farm labor	7,500	- -	7,500	- -	+7,500
Community fire protection grants	3,500	- -	- -	-3,500	- -
Rural development grants	10,000	- -	- -	-10,000	- -
Mutual and self-help housing grants	9,000	- -	- -	-9,000	- -
All Other	539,938	749,368	749,368	+209,430	- -
Total, Farmers Home Administration	774,938	799,368	961,868	+186,930	+162,500
Rural Development Service	1,475	1,663	1,663	+188	- -
Rural Electrification Administration	22,299	22,567	22,567	+268	- -
Soil Conservation Service:					
Great Plains conservation program	21,639	5,499	21,704	+65	+16,205
Conservation Operations	223,144	229,060	229,060	+5,916	- -
Watershed Planning	11,651	10,647	10,647	-1,004	- -
Watershed construction	160,039	138,992	138,992	-21,047	- -
River basin surveys	15,362	15,006	15,006	-356	- -
Resource conservation and development	30,679	23,283	23,283	-7,396	- -
Total, Soil Conservation Service	462,514	422,487	438,692	-23,822	+16,205
Food and Nutrition Service:					
Child Nutrition Program	2,816,675	2,356,282	2,586,282	-230,393	+230,000
Proposed legislation	- -	-2,356,282	- -	- -	+2,356,282
Special Milk Program	154,111	34,900	34,900	-119,211	- -
Proposed legislation	- -	-34,900	- -	- -	+34,900
Special Food Supplemental program (WIC)	247,000	247,000	247,000	- -	- -
Proposed legislation	- -	-247,000	- -	- -	+247,000
Food Stamp Program	d/ 5,463,529	5,627,000	5,627,000	+163,471	- -
Proposed legislation	- -	-882,000	- -	- -	+882,000
Food Donations Program	26,670	9,620	9,620	-17,050	- -
Elderly Feeding Program	21,250	30,000	30,000	+8,750	- -
Food Program Administration	62,075	64,451	64,951	+2,876	+500
Proposed legislation	- -	-6,491	- -	- -	+6,491
Child Nutrition Reform - Proposed legislation	- -	1,857,275	- -	- -	-1,857,275
Total, Food and Nutrition Service	8,791,310	6,699,855	8,599,753	-191,557	+1,899,898
Foreign Agricultural Service	39,950	43,040	43,040	+3,090	- -
Office of the General Sales Manager	(3,298)	(3,474)	(3,474)	(+176)	(- -)
P.L. 480	1,169,255	922,885	922,885	-246,370	- -
Program level	(1,376,397)	(1,403,860)	(1,403,860)	(+27,463)	(- -)
Forest Service:					
Youth Conservation Program	30,000	16,200	30,375	+375	+14,175
All Other, Forest Service	690,727	916,760	916,760	+226,033	- -
Fighting Forest Fires supplemental	207,975	- -	- -	-207,975	- -
Total, Forest Service	928,702	932,960	947,135	+18,433	+14,175
Permanent Appropriations	400,305	528,621	528,621	+128,316	- -
Less Receipts	687,871	783,950	783,950	+96,079	- -
Total, U.S. Department of Agriculture	13,942,086	12,442,691	14,635,469	+693,383	+2,192,778

a/ FY 1977 amounts are adjusted for comparability with the appropriation structure in the 1978 Budget.

b/ Excludes \$1,078 for contract compliance work proposed for transfer to EPA and DOD.

c/ Includes \$50,000 supplemental for subscription to Capital Stock under proposed legislation not included in January Budget.

d/ Includes \$720,000 supplemental for Food Stamp Program not proposed in January Budget.

UNITED STATES DEPARTMENT OF AGRICULTURE
Department Estimates for Amended Budget, 1978
Outlays
(In thousands)

Agency and Item	1977	January	Amended	Change	
	Outlays Adjusted ^{a/}			1978 Amended 1977	Budget from January Budget
Office of the Secretary	2,244	2,403	2,403	+159	--
Departmental Administration ^{b/}	13,332	13,900	13,900	+568	--
Economic Management Support Center ...	2,766	2,860	2,860	+94	--
Office of the Inspector General	27,282	27,583	27,583	+301	--
Office of the General Counsel	9,142	9,282	9,282	+140	--
Federal Grain Inspection Service	18,278	13,595	13,595	-4,683	--
Agricultural Research Service	325,600	322,289	322,289	-3,311	--
Animal and Plant Health Inspection Service	426,462	433,844	433,844	+7,382	--
Cooperative State Research Service ...	131,923	139,701	139,701	+7,778	--
Extension Service	240,655	243,094	243,094	+2,439	--
National Agricultural Library	6,583	6,970	6,970	+387	--
Statistical Reporting Service	35,706	37,263	37,263	+1,557	--
Economic Research Service	29,994	31,405	31,405	+1,411	--
Agricultural Marketing Service	46,970	50,709	50,709	+3,739	--
Packers and Stockyards Administration.	6,079	6,005	6,005	-74	--
Farmer Cooperative Service	2,710	2,906	2,906	+196	--
Agricultural Stabilization and Conservation Service:					
Agricultural Conservation Program ..	137,000	196,500	196,500	+59,500	--
Proposed legislation	--	22,500	--	--	-22,500
Water Bank Act Program	4,327	6,677	6,677	+2,350	--
Forestry Incentives Program	17,170	15,408	15,408	-1,762	--
All Other	193,710	175,861	175,861	-17,849	--
Total, Agricultural Stabilization and Conservation Service	352,207	416,946	394,446	+42,239	-22,500
Federal Crop Insurance Corporation:					
Administrative and Operating Expenses	12,000	12,000	12,000	--	--
Federal Crop Insurance Corporation Fund	62,279	6,655	6,655	-55,624	--
Total, Federal Crop Insurance Corporation	74,279	18,655	18,655	-55,624	--
Commodity Credit Corporation	1,871,743	813,527	863,527	-1,008,216	+50,000
Farmers Home Administration:					
Water and waste disposal grants	163,037	198,814	213,814	+50,777	+15,000
Very low income housing repair grants	4,900	100	4,900	--	+4,800
Rural housing for domestic farm labor	5,040	10,256	11,006	+5,966	+750
Rural community fire protection grants	5,251	--	--	-5,251	--
Rural development grants	10,650	11,000	11,000	+350	--
Mutual and self-help housing grants.	5,464	7,917	7,917	+2,453	--
All Other	-523,552	827,337	827,337	+1,350,889	--
Total, Farmers Home Administration	-329,210	1,055,424	1,075,974	+1,405,184	+20,550
Rural Development Service	1,399	1,579	1,579	+180	--
Rural Electrification Administration .	22,620	22,620	22,620	--	--
Soil Conservation Service:					
Great Plains Conservation Program ..	20,702	18,338	24,067	+3,365	+5,729
Conservation Operations	220,527	226,792	226,792	+6,265	--
Watershed Planning	12,294	10,791	10,791	-1,503	--
Watershed and Flood Prevention Operations	230,617	158,095	158,095	-72,522	--
River Basin Surveys and Investigations	16,946	14,990	14,990	-1,956	--
Resource Conservation and Development	31,407	27,304	27,304	-4,103	--
Total, Soil Conservation Service ...	532,493	456,310	462,039	-70,454	+5,729

Agency and Item	1977 Outlays Adjusted a/	January Budget	Amended Budget	Change	
				1978 Amended Budget from 1977	January Budget
Food and Nutrition Service:					
Child Nutrition Programs	2,827,149	2,879,207	3,109,207	+282,058	+230,000
Proposed legislation	--	-2,725,991	--	--	+2,725,991
Special Milk Program	180,279	49,810	49,810	-130,469	--
Proposed legislation	--	-31,521	--	--	+31,521
Special Supplemental Food Program (WIC)	273,088	297,140	297,140	+24,052	--
Proposed legislation	--	-250,156	--	--	+250,156
Food Stamp Program	c/ 5,431,228	5,593,800	5,593,800	+162,572	--
Proposed legislation	--	-882,000	--	--	+882,000
Food Donations Program	26,080	10,130	10,130	-15,950	--
Elderly Feeding Program	20,050	28,240	28,240	+8,190	--
Food Program Administration	62,733	63,747	64,247	+1,514	+500
Proposed legislation	--	-3,946	--	--	+3,946
Child Nutrition Reform - Proposed legislation	--	2,000,000	--	--	-2,000,000
Total, Food and Nutrition Service	8,820,607	7,028,460	9,152,574	+331,967	+2,124,114
Foreign Agricultural Service	41,238	44,328	44,328	+3,090	--
Salaries and Expenses	500	500	500	--	--
Total, Foreign Agricultural Service	41,738	44,828	44,828	+3,090	--
Public Law 480	1,088,997	1,092,160	1,092,160	+3,163	--
Total, United States Department of Agriculture (excluding Forest Service)	13,802,599	12,294,318	14,472,211	+669,612	+2,177,893
Forest Service:					
Youth Conservation Corps	34,000	18,384	30,559	-3,441	+12,175
All Other - Forest Service	863,532	796,505	796,505	-67,027	--
Fighting Forest Fires Supplemental ..	187,975	20,000	20,000	-167,975	--
Total, Forest Service	1,085,507	834,889	847,064	-238,443	+12,175
Permanent Appropriations	147,615	283,512	283,512	+135,897	--
Trust Funds	63,096	132,333	132,333	+69,237	--
Less: Receipts	687,871	783,950	783,950	+96,079	--
TOTAL, United States Department of Agriculture	14,410,946	12,761,102	14,951,170	+540,224	+2,190,068

a/ FY 1977 amounts are adjusted for comparability with the appropriation structure in the 1978 Budget.

b/ Excludes \$1,078 for contract compliance work proposed for transfer to EPA and DOD.

c/ Includes \$720,000 supplemental not proposed in January Budget.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

Agricultural Conservation Program

	On Appropriation Basis	On Program Authorization Basis
1977 Appropriation	\$105,000,000	\$190,000,000
Original Budget Estimate, 1978	190,000,000	- -
Amended Budget Estimate, 1978.....	190,000,000	190,000,000
Increase	- -	+190,000,000

NOTE: The Agricultural Conservation Program is operated on a program year basis and the obligating period is 15 months (October 1 - December 31). Payments are made throughout the life of the agreements, some of which run for ten years.

PROJECT STATEMENT

(On basis of appropriation to liquidate prior year's contract authority)

Project	1977	Increases and Decreases		1978 Revised
		Original Budget	Revised Budget	Budget
Cost-sharing assistance to farmers	\$190,000,000	- -	- -	\$190,000,000
Adjustments:				
Difference in amount available for purchase of conservation materials and services from subsequent fiscal years appropriation for current program and amount available for such purposes from current year	-35,000,000	-15,000,000	+35,000,000	- -
Received by loan from CCC	-50,000,000	+50,000,000	- -	-50,000,000
Payments of CCC loan	- -	+50,000,000	+50,000,000	50,000,000
Total, appropriation or estimate	105,000,000	+85,000,000	+85,000,000	190,000,000

Explanation of Change

The increase of \$190,000,000 in the revised budget would restore the program authorization for the 1978 agricultural conservation program to the same level and the same method of financing as in FY 1977. As a result of this restored financing method, ASCS will continue to borrow from the Commodity Credit Corporation an amount necessary to pay vendors for the purchase of advance conservation materials and services.

This recommendation is based on the need to make a substantial reevaluation of legislation regarding cost-sharing assistance for conservation practices on agricultural land. A legislative reform proposal which will emphasize enduring, long-term practices on an economically and environmentally sound basis will be developed for the 1979 budget. Continuation of the traditional agricultural conservation program will allow maintenance and improvement of existing conservation measures while the review of new legislation is underway.

This recommendation supersedes the proposed legislation for this program contained in the original budget.

Rural Water and Waste Disposal Grants

1977 Appropriation Act	\$200,000,000
Original Budget Estimate, 1978	50,000,000
Amended Budget Estimate, 1978	200,000,000
Increase	+150,000,000

PROJECT STATEMENT

Project	1977 Estimated	Increases and Decreases		1978 Revised Budget
		Original	Revised	
		Budget	Budget	
Development grants:				
Water supply	\$144,335,000	-\$108,250,000	- -	\$144,335,000
Sewage collection and treatment	55,665,000	-41,750,000	- -	55,665,000
Total Appropriation	200,000,000	-150,000,000	- -	200,000,000

PROJECT STATEMENT

(On basis of obligations under available funds)

Project	1977 Estimated	Increases and Decreases		1978 Revised Budget
		Original	Revised	
		Budget	Budget	
Development Grants:				
Water supply	\$186,726,307	-\$150,641,307	-\$46,726,307	\$140,000,000
Sewage collection and treatment	80,025,560	-66,110,560	-20,025,560	60,000,000
Total obligations	266,751,867	-216,751,867	-66,751,867	200,000,000
Unobligated balance brought forward from Transition Quarter	-66,751,867	+66,751,867	+66,751,867	--
Total Appropriation	200,000,000	-150,000,000	- -	200,000,000

Explanation of Change

These grant funds would remain available to rural areas for construction of water and waste disposal facilities, including water projects and construction of sewer lines. The increase of \$150,000,000 would provide the same appropriation level as was enacted for Fiscal Year 1977.

Very Low-Income Housing Repair Grants

1977 Appropriation Act	\$5,000,000
Original Budget Estimate, 1978	- -
Amended Budget Estimate, 1978	5,000,000
Increase	+5,000,000

PROJECT STATEMENT

Project	:	:	Increase and		:
	1977	:	Decrease		1978
	Estimate	:	Original	Revised	Revised
	:	:	Budget	Budget	Budget
Rural Housing Repair	:	:	:	:	:
Grants for elderly	:	\$5,000,000	-\$5,000,000	- -	\$5,000,000
Total Appropriation	:	5,000,000	-5,000,000	- -	5,000,000

Explanation of Change

Repair and improvement grants would remain available for very low-income elderly homeowners who are unable to repay a loan, to make necessary repairs to their homes in order to make such dwellings safe and sanitary. The increase of \$5,000,000 would provide for continuing the program at the same level as provided for the current year.

Rural Housing for Domestic Farm Labor

1977 Appropriation Act	\$7,500,000
Original Budget Estimate, 1978	- -
Amended Budget Estimate, 1978	<u>7,500,000</u>
Increase	+7,500,000

PROJECT STATEMENT

Project	1977 Estimated	Increases and Decreases		1978 Revised Budget
		Original Budget	Revised Budget	
Financial assistance for low-rent domestic farm labor housing:				
Build/purchase new	\$6,921,750	-\$6,921,750	- -	\$6,921,750
Repair	578,250	-578,250	- -	578,250
Total Appropriation	<u>7,500,000</u>	<u>-7,500,000</u>	<u>- -</u>	<u>7,500,000</u>

Explanation of Change

Each year many farmworker families migrate to different parts of the country due to the need for seasonal farm labor. Such families need housing that can be provided through this grant program. The increase of \$7,500,000 would provide for continuing the program at the same level now anticipated for the current year.

SOIL CONSERVATION SERVICE

GREAT PLAINS CONSERVATION PROGRAM

1977 Adjusted Appropriation.....	\$21,639,000
Original Budget Estimate, 1978.....	5,499,000
Revised Budget Estimate, 1978.....	21,704,000
Increase.....	<u>+16,205,000</u>

Summary of Increases and Decreases

	Original 1978 Budget	Revised 1978 Estimate	Increase
Great Plains Conservation Program:			
(a) Cost-sharing assistance.....	- -	\$15,265,000	+\$15,265,000
(b) Cost-sharing programming and contract administration..	\$1,771,000	2,559,000	+788,000
(c) Technical assistance.....	3,310,000	3,462,000	+152,000
GSA space rental costs.....	119,000	119,000	- -
Annualization of the pay costs increase effective in FY 1977	264,000	264,000	- -
Working Capital Fund services...	18,000	18,000	- -
Operating support costs.....	17,000	17,000	- -
Total.....	<u>5,499,000</u>	<u>21,704,000</u>	<u>+16,205,000</u>

PROJECT STATEMENT
(on appropriation basis)

Project	: 1977 : Estimated	: Increases and Decreases : Original : Budget	: Revised : Budget	: 1978 : Revised : Budget
Great Plains Conservation Program:				
(a) Cost-sharing assistance....	15,265,000	-15,265,000	- -	15,265,000
(b) Cost-sharing programming and contract administra- tion.....	2,708,000	-759,000	+29,000	2,737,000
(c) Technical assistance.....	3,666,000	-116,000	+36,000	3,702,000
Total available.....	21,639,000	-16,140,000	+65,000	21,704,000

PROJECT STATEMENT
(on available funds basis)

Project	: 1977 : Estimated	: Increases and Decreases : Original : Budget	: Revised : Budget	: 1978 : Revised : Budget
Direct Obligations:				
Great Plains Conservation Program:				
(a) Cost-sharing assistance....	15,265,000	-15,265,000	- -	15,265,000
(b) Cost-sharing programming and contract administra- tion.....	3,003,000	-1,054,000	-266,000	2,737,000
(c) Technical assistance.....	4,064,316	-514,316	-362,316	3,702,000
Total, direct obligations..	22,332,316	-16,833,316	-628,316	21,704,000
Unobligated balance brought forward.....	-693,316	+693,316	+693,316	- -
Unobligated balance carried forward.....	- -	- -	- -	- -
Adjusted appropriation.....	21,639,000	-16,140,000	+65,000	21,704,000
Reimbursable Obligations:				
Great Plains Conservation Program:				
(c) Technical assistance.....	15,000	- -	- -	15,000
Total, Reimbursable obligations	15,000	- -	- -	15,000
Total, Available or estimated obligational authority.....	22,347,316	-16,833,316	-628,316	21,719,000

EXPLANATION OF CHANGES

The \$16,205,000 increase in the revised 1978 budget would restore the Great Plains Conservation Program to the 1977 level of approximately 2000 new, amended and second cost-sharing contracts.

The proposed increase is for the following items:

- \$15,265,000 for cost-sharing assistance payments for new contracts signed in FY 1978.
- \$788,000 to develop and administer these new contracts.
- \$152,000 to provide farmers and ranchers with technical assistance in planning and installing the conservation measures scheduled in the new contracts.

Program results of the proposed restorations of the Great Plains Conservation Program to the 1977 level are:

Program Results		1977 Estimate	1978 Estimate	
			Original Budget	Revised Budget
Number of contract applications received.....	Annual	2,500	-4,950a/	2,500
	Cumulative	59,282	54,332	61,782
Number of applications awaiting contracts at end of year.....		4,950	- -b/	5,442
Number of applications awaiting contracts (acres in 1,000)....		12,558	- -b/	13,599
Number of contracts signed.....	Annual	2,035	- -b/	2,035
	Cumulative	54,332	54,332	56,367
Signed contracts (acres in 1,000).....	Annual	4,290	- -a/	4,290
	Cumulative	99,761	99,761	104,051
Number of contracts completed and terminations.....	Annual	2,500	2,500	2,500
	Cumulative	39,659	42,159	42,159
Number of active contracts at end of year.....		14,673	12,173	14,208
Number of technical services rendered.....		104,000	96,000	104,000

a/ 4,950 applications on hand for GPCP assistance will not be processed in FY 1978 and no new contracts for FY 1978 will be signed due to elimination of funds for new cost-share contracts.

b/ Additional applications for GPCP assistance would not be accepted in FY 1978.

Child Nutrition Programs

	<u>Direct Appropriation</u>	<u>Transfer from Section 32</u>	<u>Total</u>
1977 Adjusted Appropriation	\$1,777,675,000	\$1,039,000,000	\$2,816,675,000
Original Budget Estimates, 1978 ..	1,037,282,000	1,319,000,000	2,356,282,000
Amended Budget Estimate, 1978	<u>1,267,282,000</u>	<u>1,319,000,000</u>	<u>2,586,282,000</u>
Increase	<u>+230,000,000</u>	<u>- 0 -</u>	<u>+230,000,000</u>

SUMMARY OF INCREASES AND DECREASES

	<u>Original 1978 Budget</u>	<u>Revised 1978 Estimate</u>	<u>Increase or Decrease</u>
School Lunch Program	\$615,000,000	\$615,000,000	- -
Special Assistance	990,000,000	990,000,000	- -
School Breakfast Program	270,000,000	270,000,000	- -
School Food Service Equipment Program	- -	- -	- -
Summer Food Service Program	- -	230,000,000	+\$230,000,000
Child Care Food Program	130,000,000	130,000,000	- -
State Administrative Expenses	7,700,000	7,700,000	- -
Nutritional Training and Surveys ...	- -	- -	- -
Commodity Donations	343,582,000	343,582,000	- -
Total, Available or estimate	<u>2,356,282,000</u>	<u>2,586,282,000</u>	<u>+230,000,000</u>

PROJECT STATEMENT

(On basis of adjusted appropriation)

Project	1977 Estimated	Increases and Decreases		1978 Revised Budget
		Original Budget	Revised Budget	
School Lunch	\$587,443,000:	+\$27,557,000:	+\$27,557,000:	\$615,000,000
Special Assistance	1,164,550,000:	-174,550,000:	-174,550,000:	990,000,000
School Breakfast	184,000,000:	+86,000,000:	+86,000,000:	270,000,000
Nonfood Assistance	28,000,000:	-28,000,000:	-28,000,000:	- -
State Administrative Exp.:	13,675,000:	-5,975,000:	-5,975,000:	7,700,000
Summer Food Program	132,000,000:	-132,000,000:1/	+98,000,000:	230,000,000
Child Care Food Program :	120,000,000:	+10,000,000:	+10,000,000:	130,000,000
Commodity Programs	586,307,000:	-242,725,000:	-242,725,000:	343,582,000
Nutritional Training and :	:	:	:	:
Surveys	700,000:	-700,000:	-700,000:	- -
Total, available or :	:	:	:	:
estimate	2,816,675,000:	-460,393,000:	-230,393,000:	2,586,282,000
Federal Operating Expenses:	:	:	:	:
- transfer to Food :	:	:	:	:
Program Administration :	14,357,000:	:	:	:
Total, Appropriation.....	<u>2,831,032,000:</u>			

PROJECT STATEMENT
(On basis of available funds)

Project	1977 Estimated	Increases and Decreases		1978 Revised Budget
		Original Budget	Revised Budget	
School Lunch	\$587,443,000:	+\$27,557,000:	+\$27,557,000:	\$615,000,000
Special Assistance	1,164,550,000:	+75,450,000:	+75,450,000:	1,240,000,000
School Breakfast	184,000,000:	+86,000,000:	+86,000,000:	270,000,000
Nonfood Assistance	28,000,000:	-28,000,000:	-28,000,000:	- -
State Administrative Exp.:	13,675,000:	-5,975,000:	-5,975,000:	7,700,000
Summer Food Program	159,455,048:	-159,455,048:	1/+70,544,952:	230,000,000
Child Care Food Program :	120,000,000:	+10,000,000:	+10,000,000:	130,000,000
Commodity Programs	586,307,000:	- - :	- - :	586,307,000
Nutritional Training and Surveys	700,000:	-700,000:	-700,000:	- -
Total, obligations	2,844,130,048:	+4,876,952:	+234,876,952:	3,079,007,000
Recovery of prior period : obligations	-250,000,000:	+250,000,000:	+250,000,000:	- -
Transferred from Sec.32 :	- - :	-242,725,000:	-242,725,000:	-242,725,000
Unobligated balance:	:	:	:	:
Available, start of period	-27,455,048:	-222,544,952:	-222,544,952:	-250,000,000
Available, end of period:	250,000,000:	-250,000,000:	-250,000,000:	- -
Total, available or estimate	2,816,675,000:	-460,393,000:	-230,393,000:	2,586,282,000
Federal Operating Expenses:	:	:	:	:
- transfer to Food Program Administration :	15,357,000:	:	:	:
Unobligated balance:	:	:	:	:
Available, start of period	-1,000,000:	:	:	:
Total, Appropriation	<u>2,831,032,000:</u>	:	:	:

Explanation of Change 1/

The increase of \$230,000,000 would restore the summer feeding program in 1978 as currently authorized. This increase will allow meals (including breakfasts, lunches, dinners and snacks) to be served to school-age children who come from areas of economic need. Increased costs over 1977 are caused by increased participation due to the liberalized provisions of P.L. 94-105 and the increases in CPI-linked reimbursement rates.

Food Program Administration

1977 Adjusted Appropriation	\$63,675,000
Original Budget Estimate, 1978	64,451,000
Amended Budget Estimate, 1978	<u>64,951,000</u>
Increase	+500,000

SUMMARY OF INCREASES AND DECREASES
(On basis of adjusted appropriation)

	Original 1978 Budget	Revised 1978 Budget	Increase
Child Nutrition Programs ..	\$12,748,800	\$13,248,800	+\$500,000
Special Milk Program	100,000	100,000	- -
Special Supplemental Food Program (WIC)	2,813,600	2,813,600	- -
Food Stamp Program	43,790,901	43,790,901	- -
Food Donations Program	316,000	316,000	- -
Elderly Feeding Program ...	785,100	785,100	- -
GSA Space Rental Costs	3,672,000	3,672,000	- -
Working Capital Fund			
Services	224,599	224,599	- -
Total, available	<u>64,451,000</u>	<u>64,951,000</u>	<u>+500,000</u>

PROJECT STATEMENT

Project	1977 Estimated	Original Budget	Increase or Decrease Revised Budget	1978 Budget
Child Nutrition Programs	\$15,357,000	-\$1,966,000	-\$1,466,000 (1)	\$13,891,000
Special Milk Program ...	889,000	-789,000	-789,000	100,000
Special Supplemental Food Program (WIC)	3,000,000	- -	- -	3,000,000
Food Stamp Program	43,240,000	+3,564,000	+3,564,000	46,804,000
Food Donations Program .	439,000	-113,000	-113,000	326,000
Elderly Feeding Program	750,000	+80,000	+80,000	830,000
Total, available	<u>63,675,000</u>	<u>+776,000</u>	<u>+1,276,000</u>	<u>64,951,000</u>

EXPLANATION OF CHANGE (1)

The increase of \$500,000 would restore administrative support for the monitoring of the summer feeding program.

FOREST SERVICE
YOUTH CONSERVATION CORPS

1977 Adjusted Appropriation.....	\$30,000,000
Original Budget Estimate, 1978.....	16,200,000
Revised Budget Estimate, 1978.....	30,375,000
Increase.....	<u>+14,175,000</u>

PROJECT STATEMENT
(on available funds basis)

Project	: 1977 : Estimated	: 1978 : Original : Budget	: 1978 : Revised : Budget	: Increases and Decreases : Over 1977 : Orig. Budget: Revised Bud.
Youth Conservation Corps.....	\$33,173,598	\$16,200,000	\$30,375,000	-16,973,598: -2,798,598
Unobligated balance	:	:	:	:
brought forward.....	-3,173,598	- -	- -	: +3,173,598: +3,173,598
Appropriation or estimate.....	30,000,000	16,200,000	30,375,000	-13,800,000: +375,000

Explanation of Change

The revised budget for 1978 proposes an increase of \$14,125,000 over the original budget. This consists of the following:

- (a) An increase of \$14,000,000 for restoring the program to the 1977 appropriated level; and
- (b) An increase of \$175,000 in additional pay costs (for October 1, 1976 pay raise) which is related to the restored program level.

The revised program is as follows:

	1977 Estimate	1978 Original Budget	1978 Revised Budget	Change from 1977 Original Revised Budget Budget	
Capital investment....	\$2,100,000	\$1,100,000	\$2,100,000	-\$1,000,000	- -
Operation and maintenance.....	27,900,000	15,100,000	28,275,000	-12,800,000	+375,000
Total.....	<u>30,000,000</u>	<u>16,200,000</u>	<u>30,375,000</u>	<u>-13,800,000</u>	<u>+375,000</u>

Estimated summer employment of youths under the revised program will increase from the 10,400 estimated in the original budget to about 20,400.



Agricultural Stabilization and Conservation Service

The revised 1978 estimates include the following appropriation language change which is explained below (deleted matter enclosed in brackets and new language is underscored):

Agricultural Conservation Program

For necessary expenses to carry into effect the program authorized in sections 7 to 15, 16(a), and 17 of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended and supplemented (16 U.S.C. 590g-590o, 590p (a), and 590q), and sections 1001-1008, and 1010 of the Agricultural Act of 1970, as added by the Agriculture and Consumer Protection Act of 1973 (16 U.S.C. 1501-1508, and 1510), and including not to exceed \$15,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States, \$190,000,000, for compliance with the programs of soil-building and soil-and water-conserving practices authorized under this head in the Agriculture and Related Agencies Appropriation Act, 1977, entered into during the period October 1, 1976, to December 31, 1977, inclusive: Provided, That no portion of the funds for the current year's program may be utilized to provide financial or technical assistance for drainage on wetlands now designated at Wetland Types 3(III), 4(IV), and 5(V) in United States Department of the Interior, Fish and Wildlife Circular 39, Wetlands of the United States, 1956: Provided further, That necessary amounts shall be available for administrative expenses in connection with the formulation and administration of the 1978 program of soil-building and soil-and water-conserving practices, including related wildlife conserving practices, and pollution abatement practices, under the Act of February 29, 1936, as amended (amounting to \$190,000,000, excluding administration, except that no participant in the Agricultural Conservation Program shall receive more than \$2,500, except where the participants from two or more farms or ranches join to carry out approved practices designed to conserve or improve the agricultural resources of the community): Provided further, That such amounts shall be available for the purchase of seeds, fertilizers, lime, trees, or any other conservation material, or any soil-terracing services, and making grants thereof to agricultural producers to aid them in carrying out approved 1970 farming practices to be selected by the county committees under programs provided for herein: Provided further, That no part of the funds in this Act may be used to obtain or require submission of information from participants in this program not required in carrying out the 1970 program: Provided further, That not to exceed 5 per centum of the allocation for the current year's program for any county may, on the recommendation of such county committee and approval of the State committee be withheld and allotted to the Soil Conservation Service for services of its technicians in formulating and carrying out the Agricultural Conservation Program in the participating counties, and shall not be utilized by the Soil Conservation Service for any purpose other than technical and other assistance in such counties, and in addition, on the recommendation of such county committee and approval of the State committee, not to exceed 1 per centum may be made available to any other Federal, State, or local public agency for the same purpose and under the same conditions: Provided further, That for the current year's program \$2,500,000 shall be available for technical assistance in formulating and carrying out rural environmental practices: Provided further, That no part of any funds available to the Department, or any bureau, office, corporation, or other agency constituting a part of such Department, shall be used in the current fiscal year for the payment of salary or travel expenses of any person who has been convicted of violating the Act entitled "An Act to prevent pernicious political activities", approved August 2, 1939, as amended, or who has been found in accordance with the provisions of title 18 U.S.C. 1913, to have violated or attempted to violate such

section which prohibits the use of Federal appropriations for the payment of personal services or other expenses designed to influence in any manner a Member of Congress to favor or oppose any legislation or appropriation by Congress except upon request of any Member of through the proper official channels.

his change would provide an advance program authorization in fiscal year 1978. It would continue the agricultural conservation program at the same level and in the same financing method as fiscal year 1977. A new legislative proposal emphasizing enduring, long-term conservation practices will be developed for the fiscal year 1979 budget.

